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# Office of Inspector General FY 1988 Annual Plan

October 1, 1987 - September 30, 1988



Office of  
Inspector General





United States  
Department of  
Agriculture

Office of  
Inspector  
General

Washington,  
D.C.  
20250

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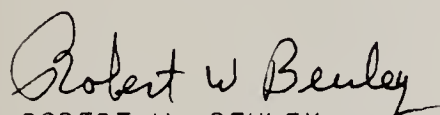
Honorable Richard E. Lyng  
Secretary of Agriculture  
Washington, D.C. 20250

Dear Secretary Lyng:

I am pleased to provide you with the Office of Inspector General's FY 1988 Annual Plan. In FY 1988, we will continue to place emphasis on matters affecting consumer health and safety, and also on large payments to farmers, guaranteed loan programs and Forest Service timber contract activities.

The Plan provides detailed information on the audit and investigative work we anticipate in FY 1988 and how that work fits into the strategies we developed to cover the Department of Agriculture's major programs and activities. It is being distributed to Under and Assistant Secretaries and agency heads. We welcome your comments and those of Departmental officials.

Sincerely,

  
ROBERT W. BEULEY  
Inspector General

Enclosure



OFFICE OF INSPECTOR GENERAL

FY 1988 ANNUAL PLAN

October 1, 1987 - September 30, 1988





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## THE OIG MISSION

This year marks the 25th anniversary of the establishment of the OIG. When it was created by the Secretary in 1962 USDA was the first civilian agency to have an OIG. The Office was established, in part, by absorbing the audit and investigative functions of other USDA agencies. In 1978 the Inspector General Act (P.L. 95-452) was enacted which created the current legislated Office. The Act requires the Inspector General to report on the activities of the Department semiannually at March 31 and September 30 each year.

The Act gives the Inspector General the responsibility for audits and investigations of the Department's programs and operations. However, it also places upon the OIG the responsibility (1) to review existing and proposed regulations and legislation and make appropriate recommendations, and (2) to be involved in activities that promote economy, efficiency and effectiveness or that prevent and detect fraud, waste and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance.

## OVERALL OBJECTIVE:

OIG's overall objective is to prevent and detect fraud, waste and abuse in USDA programs. We accomplish this objective by use of audits and investigations in the following approaches:

1. Reacting to serious allegations of fraud, waste and abuse.
2. Using preventive audit approaches such as review of system under development and proactive investigative approaches such as monitoring food stamp redemption rates.
3. Evaluating the vulnerability and adequacy of various management and program control systems, and
4. Evaluating the adequacy of payments to large recipients of USDA payments such as insurance, deficiency payments, loans and retail redemptions.

OIG gives a great deal of emphasis to "service to management" at all levels of the Department by briefing senior level officials on the results of major audits and investigations. The OIG also participates with the President's Council on Integrity and Efficiency (PCIE), of which the Inspector General is a member, in multiagency projects where common interests converge.



## THE AUDIT PROCESS

The General Accounting Office (GAO) Standards define an "audit" as "not only work done by accountants and auditors in examining financial statements, but also work done in reviewing (a) compliance with applicable laws and regulations, (b) economy and efficiency of operations and (c) effectiveness in achieving program results."

The OIG conducts audits through its six regional offices and the Financial Management Staff located in Kansas City. In addition, it contracts with Certified Public Accountants for some audits and oversees the quality of the work of auditors contracted for by other agencies of the Department. Approximately 40 percent of OIG staff time is devoted to the conduct of audits which involve more than one region and are designed to impact on agency management. The balance of the OIG staff time is devoted to audits conducted within one region, A-128 the Single Audit Act, agency requests and quality control over non-Federal audits.

Auditors conduct their work in accordance with professional criteria including the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (Yellow Book) published by the GAO, the American Institute of Certified Public Accountants (AICPA) Professional Standards and AICPA Statements on Auditing Standards. Auditors periodically receive training in these areas and the OIG has established the OIG Audit Academy which will provide professional training to all newly hired OIG auditors.

The audit process includes the following activities:

### **o Development of an Audit Approach.**

Development of an audit approach includes the reasons for selection of the audit subject, overall audit objectives and scope, locations to be audited, OIG staff who will perform the audit, staff days needed, other resources (specialists such as timber or banking expertise) required to perform the audit, and anticipated benefits to be obtained from the audit. If the audit was not included in the OIG Annual Plan, which is developed at the beginning of each fiscal year, it is added to the Plan prior to commencement of the audit.

### **o Audit Notification**

OIG notifies the appropriate USDA agency or office of its intent to begin an audit and requests an entrance conference.





- o Entrance Conference

At the initial conference, OIG staff advise agency officials of the purpose and objectives of the audit, its scope and the general methodology and procedures to be followed.

- o Initial Survey Work

The audit process starts with a survey which is the information gathering and problem identification phase that precedes the detailed audit. Some jobs stop at the survey stage. If the survey discloses no problems significant enough to justify a detailed audit or if the problems are able to be documented and detailed to agency officials after the survey so that any corrective action can be taken, the survey ends and no audit is scheduled. A key factor in this decision is the adequacy of internal controls and the commitment of agency management to take corrective action.

- o Field Audit Work

If the survey indicates the need to continue audit work to fully identify the extent of conditions noted during the survey, detailed audit testing and interviewing is done.

- o Discussion Draft Report

When the field work is complete a draft report containing findings and recommendations is prepared and shared with agency officials. An exit conference is then requested.

- o Exit Conference

At the conclusion of an audit, a formal conference is held with the agency's principal officials to present audit results. This provides an opportunity for management to confirm information, to ask questions and to provide any necessary clarifying data.

- o Official Draft

After the exit discussion, any necessary changes to the draft report are made and the official draft is then presented to the agency for final written comments.

- o Final Report

A final report, which contains the agency's written response is prepared and the final audit report is issued.





## o Audit Resolution

Public Law 96-304, the Supplemental Appropriations and Rescission Act of 1980, and the Office of Management and Budget (OMB) Circular A-50 require that all audit findings and recommendations be resolved within a maximum of 6 months from the date of report issuance. If resolution is not reached within this time period, the Congress must be notified. This notification is accomplished through the OIG Semiannual Report.

## THE INVESTIGATIVE PROCESS

An investigation and an audit are similar in that both examine closely events, actions, Departmental programs, recipients of those programs and related government employees and others who are involved in them.

Most investigations are begun as a result of a complaint or information directly related to allegations of fraud, waste, abuse or mismanagement, and violations of law, rules, or regulations. Complaints may come from many sources including formal agency requests for investigation, the public, employees, the Congress or program recipients.

Investigations within OIG are carried out through a headquarters staff and the operations of regional staffs in seven regional offices. Investigators are trained law enforcement officials who must conduct their activities in accordance with recognized law enforcement techniques, U.S. Department of Justice regulations and the general and qualitative standards accepted by the PCIE.

Initiation of an OIG investigation is not routinely accompanied by an entrance conference within the Department, however, agency officials are usually notified of an OIG investigation by a Case Opening Memorandum which is distributed at the time of initiation. The results are provided to agency management officials, and senior Department officials. Investigative results that establish criminal and/or civil violation of law are provided to the appropriate prosecutive authority within the Department of Justice. Administrative actions taken by the Department's officials as a result of OIG investigations are reviewed to ensure that proper action and corrective measures are taken to correct current problems and to prevent occurrence of future irregularities.

## THE OIG PLANNING PROCESS

USDA has an annual program level of more than \$57 billion of which over \$22 billion is for loan disbursements. The Department



has over 30 major agencies with over 300 programs, 5 major computer centers, and many thousand auditable entities. USDA programs are delivered in every State, county and city in the nation and in many other parts of the world by over 100,000 Federal employees and many thousands more non-Federal government employees.

The OIG has a staff of 850 to carry out its mission. Thus, planning is critical to the success of its mission. In 1987, we initiated the OIG Strategic Planning Process, the ultimate goal of which is to ensure that, over time, audit and investigative coverage of all USDA programs and activities is provided. The planning process for FY 1988 was begun by:

- o Identifying highly vulnerable USDA programs, and activities and developing long-term strategies to cover these areas;
- o Computerizing the audit part of the planning process and ranking each audit proposal in terms of priority;
- o Establishing investigative priorities which are: the thorough and timely investigation of threats to the health and safety of the public; employee integrity issues involving allegations of bribery, embezzlement or theft, and collusion with program participants; and fraud in the loan and benefit programs; and
- o Coordinating and the audit and investigative plans for the fiscal year.

Twenty strategic areas were identified. Profiles of the agencies, programs and/or activities within the strategic areas were developed. The profiles include the operational environment, applicable laws, regulations and other instructions, Congressional interest and previous OIG work in the area. Within each strategic area are subactivities to be addressed. Strategies with specific goals, objectives and actions and associated timeframes have been or will be developed for each subactivity and strategic area. With this framework, future OIG annual audit and investigative plans will be developed so that the highly vulnerable areas identified will be covered.

In addition to developing strategies, the OIG solicited the opinions of agency heads within USDA for suggestions and recommendations for the OIG plan for FY 1988. In developing the Annual Plan, the OIG took into consideration the following factors:

- o statutory and regulatory requirements,
- o adequacy of internal control systems,
- o newness, changed conditions, or sensitivity of the



- o organization, program activity, or function,
- o current and potential dollar magnitude,
- o extent of Federal participation in terms of resources or regulatory authority,
- o management needs to be met,
- o prior audit history,
- o prior investigation history,
- o timeliness, reliability and scope of audits performed by others, results of other evaluations and
- o availability of audit and investigation resources.

The OIG was also mindful of the goals and initiatives expressed in the President's Management Report for Fiscal Year 1988 and its requirements for USDA programs and activities.

### OIG STRATEGIES

The OIG Strategies at this time are:

- o FARM PROGRAMS
- o MARKET DEVELOPMENT
- o DIRECT & INSURED LOANS
- o GUARANTEED LOANS
- o INVENTORIES
- o ENTITLEMENT PROGRAMS
- o FOREST SERVICE
- o SINGLE AUDIT
- o FINANCIAL MANAGEMENT
- o ACCOUNTING SYSTEMS, FINANCIAL REPORTS  
& FINANCIAL STATEMENTS
- o RESEARCH
- o INTEGRITY OF USDA PERSONNEL
- o PROCUREMENT
- o ADP SYSTEMS & TELECOMMUNICATIONS
- o NON-FEDERAL ADP SYSTEMS
- o CONSUMER PROTECTION
- o INSURANCE
- o SPECIAL REQUESTS
- o AUDIT FOLLOWUP
- o INVESTIGATIONS COMPLIANCE OVERSIGHT REVIEWS

Examples of audit and investigative work planned for FY 1988 are included in the discussion of each Strategy. More complete listings are provided in the back of this document.





## FARM PROGRAMS

### AUDIT

The Farm Programs Audit Strategy covers traditional farm-type programs administered by the Agricultural Stabilization and Conservation Service (ASCS) and the Commodity Credit Corporation (CCC). These programs fall into two broad categories: price support and production adjustment. Price support is accomplished through loans on specified commodities which, in effect, guarantee the producer a minimum price per unit. Production adjustment is accomplished through limiting the amount of commodity a producer may produce.

The OIG Audit Strategy for Farm Programs (FP) will focus on new programs and programs undergoing major modification. Three main areas will be covered: program implementation, which includes determining that necessary procedures and controls have been addressed and are in place; program compliance, with emphasis upon producer compliance and the ASCS system to assess compliance and take remedial action; and payments. Two broad objectives with respect to payments will be addressed: the accuracy of payments and whether they reconcile to agreements or contracts supporting disbursement.

Audits planned for FY 1988 include an examination of: Payments to large farms, ASCS actions on payment limitations, determination of the accuracy of average market rates, Deficiency Payments for producers who lease land, producer compliance with the Dairy Termination Program, Rice Loans to cooperatives, and compliance with Sodbuster/Swampbuster provisions.

### INVESTIGATIONS

The objective of the FP Investigations Strategy is to maintain the integrity of ASCS and Farmers Home Administration (FmHA) loan programs by ensuring proper coverage and prompt response to significant allegations of fraud, waste and abuse. Of particular concern is the integrity of the Government's security in these programs. OIG will continue to maintain a close working relationship with FmHA and ASCS State offices at the regional level to ensure the timely referral and investigation of FP cases and to create a mutual understanding of the priorities, resources and needs of each agency.

As a result of the significant number of referrals involving the conversion of goods mortgaged to ASCS and FmHA, OIG will continue to base scheduling determinations on the likelihood of criminal prosecution and/or civil recovery. OIG will make early contact with the appropriate U.S. Attorney and/or appropriate Office of General Counsel representative to establish criminal prosecutive





appeal and/or the likelihood of significant monetary recovery. OIG will refer cases which are not scheduled for investigation back to the agencies for appropriate administrative action.

## MARKET DEVELOPMENT

One of the goals of Market Development is to increase agricultural exports to achieve such objectives as (1) reducing the commodities in the CCC's inventories, (2) increasing producers' incomes and (3) affecting positively the United States' balance of trade.

USDA has administered long-term programs for a number of years to finance sales of agricultural commodities to foreign countries, develop new world markets, and make donated foods available to underdeveloped countries. The focal point for carrying out these programs has been the Foreign Agricultural Service (FAS) under Titles I, II and III of the Agricultural Trade Development and Assistance Act (P.L. 480) programs. The CCC provides financing and commodities, and the ASCS provides personnel and support functions for the CCC.

The OIG Audit Strategy for Market Development will focus on oversight of the design and implementation of the various market development programs. For example, the FY 1988 Annual Plan includes a variety of new surveys in such areas as market development, USDA foreign debt management, FAS export credit programs and implementation of the Food for Progress Act of 1985 to identify potential weaknesses in the programs and areas where more in-depth audit work should be planned.

## DIRECT AND INSURED LOANS

While there is a shift underway from insured loans to guaranteed loans, the funding levels for insured loans remain high and there is a need to continue audit work in this area. At the end of FY 1985, FmHA had 1,487,933 outstanding insured loans in the amount of \$65 billion. The percentage of borrowers delinquent at that time was 20 percent or more for Farm Ownership, Farm Operating, Emergency Disaster, Economic Emergency and Single Family Housing Loan Programs. Similar conditions prevailed at the end of FY 1986. The Food Security Act apportioned for FY 1988 \$1 billion for direct and \$3 billion for guaranteed loans. Even with the shift from insured to guaranteed loans, the portfolio will consist largely of insured loans which will need to be serviced for many years.

Over the years, many audits have been made of the various FmHA programs. In FY 1988 audits will be conducted in the following



areas: accounting for loan security property, manufactured housing, FmHA problems nationwide, accounting for reserves and operating funds of the Rural Rental Housing Program (RRHP), construction of rural housing projects, and controls over rental assistance and interest credit.

## GUARANTEED LOANS

The Administration's goal is to reduce the amount of Federal Government direct loans and move to more Government guaranteed loans that are made by private lenders. During FY 1986, three USDA agencies approved loans totaling \$13.6 billion, of which 54 percent, or \$7.3 billion were guaranteed loans. We have two primary objectives in monitoring and reviewing guaranteed loan programs, including: (1) determining whether loan making activities are effectively carried out in compliance with program requirements and sound lending principles and (2) evaluating the effectiveness of loan servicing activities and portfolio management.

OIG will carry out these objectives by performing surveys and audits in the three major USDA agencies involved in guaranteeing loans, FmHA, FAS and the Rural Electrification Administration (REA). In FY 1988 this work will include audits of FmHA guaranteed loans made through banks that have failed, and FmHA's implementation of the Interest Rate Reduction Program and an evaluation of FmHA loan making in the Business and Industry Loan Program (B&I). In addition, we are directing a Governmentwide effort of guaranteed loan activity through the PCIE.

## INVENTORIES

The OIG Audit Inventories Strategy focuses on two main areas: (1) CCC inventories and (2) properties held by the FmHA to satisfy borrowers' loans or acquired as a result of foreclosure or voluntary conveyance.

The CCC operates under a large number of statutory directives and authorizations and has broad charter powers, authorizing it to carry out a variety of operations required to meet its legislated objectives including buying, selling, bartering, donating, lending, storing, and transporting commodities. CCC has in its inventory commodities valued at over \$27 billion. The FY 1988 Annual Plan will focus on commodity procurement practices, storage and handling payments to grain warehouses, management of CCC inventories, Traffic Contract operations and storage rates charged to CCC.

Inventories of farms and homes held by FmHA have increased. They are spread across the country and safeguarded by the activities and oversight of 46 State offices, approximately 269 District and



1,944 county offices utilizing the services of about 3,000 supervisors and 5,000 local committeemen. In FY 1988, OIG will conduct a followup review of the inventory of Commodity Certificate Operations, evaluate the security of and repayment of Commodity Loans, and the administration of the Dwelling Retention Program (DRP). The DRP is a new program which allows the original borrower the option of purchasing his or her homesite and up to 5 acres of land after FmHA has gained title to farm property through foreclosure or voluntary conveyance.

## ENTITLEMENT PROGRAMS

### AUDIT

USDA administers three major entitlement programs: the Food Stamp Program (FSP), the Child Nutrition Program (CNP) and the Supplemental Food Program for Women, Infants and Children (WIC). These programs are administered by the States through agreements with the Food and Nutrition Service. The States, in turn, enter into agreements with county and project offices to deliver program benefits. OIG's Audit Strategy is to focus on FNS' overall management role and the adequacy of controls and systems used to manage the entitlement programs overall.

Specific activities to be addressed within this Strategy are: issuance operations including electronic benefit transfers, income and eligibility matching requirements, administrative costs, retailer/bank monitoring and vendor monitoring.

Audits planned for FY 1988 will evaluate the internal controls FNS has over the FSP administrative costs, FNS field office activities, State agency operations for compliance with program requirements, implementation of the Income and Eligibility Verification System, vendor monitoring and control of food instruments in the WIC Program, and administration of the Temporary Emergency Food Assistance Program.

### INVESTIGATIONS

Historically, significant investigative effort has been given to the discounting of food stamps for cash. This abuse generally involves persons not authorized to participate in the program or retail stores that are authorized to accept food stamps from recipients for food items. As authorized retail stores are the vital link in the redemption of food stamps for their full value, OIG has traditionally devoted a large percentage of its overall resources to this type of violation. OIG investigates the full range of violations affecting the FSP, including: FSP recipients who illegally receive program benefits, State or local government employees who administer the FSP and illegally receive program





benefits, authorized retail and wholesale grocers that accept food coupons for non-food items, banks that illegally redeem food coupons and individuals not having authorization to possess food coupons.

Additionally, OIG provides leadership and coordination for FSP detection and prevention efforts by other Federal, State and local agencies. OIG's enforcement strategy directly relates to the manner in which the program is administered by the State and Federal governments. States are responsible for certifying eligible recipients and for issuance of food stamp benefits, therefore, primary responsibility for investigations and prosecuting violations by recipients, caseworkers and issuance workers belongs to State and local governments. The Federal Government retains responsibility for authorizing participating grocery stores and for monitoring redemption of food stamp coupons, therefore, primary responsibility for investigating and prosecuting violations by retailers, banks and unauthorized persons belongs to the Federal Government. However, the Federal Government has authority to investigate any apparent violation if it so wishes. This coordinated enforcement strategy affords the best opportunity for identifying and investigating the full range of violations while allowing OIG flexibility to examine those matters which most seriously threaten the integrity of the FSP.

With respect to the WIC program, historically, investigation of program violations have not involved large amounts of money. Generally, WIC violations involve authorized vendors who inflate the monetary value of individual WIC vouchers. As the total value of single WIC vouchers is minimal, the amount of fraud is relatively small. These types of investigations are usually conducted by State and local welfare fraud units.

However, recently large scale fraud has been discovered in false and fraudulent claims for reimbursement of WIC vouchers and in altered and forged WIC vouchers. Investigations plans to work with Audit in pursuing stores which may be identified as requiring investigation as a result of suspected fraudulent activities.

## FOREST SERVICE

### AUDIT

The Forest Service (FS) Audit Strategy will concentrate on management of: the lands and natural resources of the 191 million acre National Forest System, the sale of National Forest timber, and the use of lands and other resources, for recreation.





Eight major programs/functions have been identified as priority areas within the FS Strategy. They are: timber management, including sales administration, measurement systems, log accountability, contract administration and reforestation; road construction; management of special use permits; ADP and telecommunications systems; fire management; financial management; procurement and the land purchase and exchange program.

In FY 1988, OIG plans to conduct audits in the areas of property management and accountability, internal controls of the Firewood Permit Program, collection of damages on defaulted timber sales contracts, and the cost effectiveness of FS nurseries.

### INVESTIGATIONS

Investigations has determined that more resources must be directed toward the detection and investigation of allegations and information concerning collusive bidding on Forest Service timber sales contracts due to the potential for tremendous dollar loss which can result to the Government from collusive bidding. Thus, Investigations' Strategy includes continued work with the FS to ensure that new internal directives encourage and direct employees to watch for and refer to the Department of Justice information concerning possible collusive bidding activity. We will monitor these referrals and give requests for investigative assistance the highest priority.

### SINGLE AUDIT

The Single Audit Strategy was designed to enable the OIG to effectively and efficiently carry out the responsibilities of the assigned cognizant audit agency in accordance with the Single Audit Act of 1984, the OMB implementing Circular A-128 and the Department's Uniform Federal Assistance Regulations. Currently, OIG has been assigned cognizant audit responsibility for 33 State agencies and larger local governments. Also, OIG was designated the lead cognizant agency for single audits of Minnesota and Pennsylvania. We estimate that we will receive about 300 audits of units of State and local governments in FY 1988.

In addition, USDA provides direct assistance to an estimated 4,000 local governments for Water and Waste Disposal Systems, Watershed and Flood Protection, and Rural Clean Water. Furthermore, direct assistance was provided by the FNS to Federally recognized Indian Tribal Governments and others. Single Audit reports may also result from some of these activities. We meet with the agencies to assist them in establishing an inventory of recipients required to submit reports and to enable the agencies to meet Office of Finance and



Management (OFM) and OMB reporting requirements. In total, OIG may review or monitor on an annual basis over 20,000 reports prepared by non-Federal auditors.

Our Single Audit Strategy includes developing training with respect to Single Audit requirements, maintaining the OIG Single Audit data base and working with the PCIE in developing various criteria relating to the quality of audit work, reporting systems, penalties, referral procedures and tracking disciplinary actions. In FY 1988, approximately 1800 OIG staff days will be devoted to Single Audit activities.

### FINANCIAL MANAGEMENT

As a result of the Reform '88 project, cash and debt management improvement plans were developed within the Department. The Department of Treasury has also placed major emphasis on improving cash management practices, and OMB on debt management initiatives. The Governmentwide goal is to establish and maintain sound business-like practices over the management of receivables and cash. The purpose and objective of the Financial Management Strategy is to facilitate an ongoing audit posture in the financial management area through trend analyses and the prompt introduction of best practices or innovative approaches to cash and debt management activities within the Department.

Audits planned in FY 1988 in the area of financial management include an analysis of Knutson-Vandenberg Fund balances, servicing actions for FmHA Farmer Program delinquent loans, monitoring of FmHA's note sales project, the Forest Service Billings, Accounts Receivable and Collections at the National Finance Center (NFC) and financial management and control in the Agricultural Research Service (ARS).



## ACCOUNTING SYSTEMS, FINANCIAL REPORTS AND FINANCIAL STATEMENTS

The purpose and objective of the Accounting Systems, Financial Reports and Financial Statements Audit Strategy is to develop and provide the requisite training and a standard Audit Guide to facilitate the accomplishment of meeting this initiative as well as to conduct reviews of the Departmental accounting systems, financial reports and financial statements.

In this area, OIG plans for FY 1988 a review of the Central Accounting System, testing of the Departmentwide Financial Information Systems and an analysis of data entered into the State and County Office Automation Project (SCOAP), the propriety of accounting adjustments between check accounting systems (CAS) and Program Accounting and Management Achievement Reporting System accounts and processing payments for purchase orders.

## RESEARCH

The National Agricultural Research Extension and Teaching Policy Act establishes a cohesive interdisciplinary research effort to develop and transfer technology that is appropriate to the farming community. USDA is the lead agency responsible for the coordination of Federal, State and private investments in agricultural research. The research agencies of USDA which include the Agricultural Research Service (ARS), the Cooperative State Research Service, the Human Nutrition Information Service and the Economic Research Service are inextricably linked to the technology transfer agencies and programs throughout the Department. All agencies in the Department have a role to play in improving the profitability of American agriculture. However, particular support is given by the Agricultural Cooperative Service, the National Agricultural Library, the Extension Service (ES) and the World Agricultural Outlook Board.

The annual appropriation for USDA research activities exceeds \$1 billion. Research is carried out through USDA and other Government laboratories, in partnership with State Experimental Research Stations, by grants to institutions and individuals, and through cooperative agreements with private industry. The OIG Research Strategy goal is to ensure that agricultural research funds are being applied with effectiveness and efficiency.

In FY 1988 OIG plans audits in the following research areas: implementation of the Endangered Species Act, with emphasis upon ARS's management of the Germ Plasm Collection; facilities funding of 1890 Land Grant Institutions; and management of the Cooperative State Research and Extension Service Programs at selected Land Grant Institutions. OIG has proposed a PCIE





government-wide project on Patents and Licensing of Federally-sponsored research.

## INTEGRITY OF USDA PERSONNEL

### AUDIT

Fraud or malfeasance by Government employees can result in monetary losses and an erosion of the public's trust. The detection and deterrence of fraud are the responsibility of management. The primary mechanisms employed by management are programs to ensure the integrity and competency of its personnel and the institution of an adequate system of internal controls. OIG auditors play an important role in this effort through the evaluation of internal controls as a part of every audit. Even the strongest systems of control have limitations, however, because the purpose of internal controls is to provide reasonable, but not absolute, assurance that errors or irregularities are precluded or detected in a timely manner. In addition, internal controls can be circumvented due to collusion or management override.

The purpose and objective of the Audit Strategy on Employee Integrity is to increase OIG auditors' awareness to the potential for fraud. This will be accomplished by developing key indicators delineating what auditors should be especially alert to. In addition, OIG audit procedures will be expanded when indications of fraud are disclosed.

The OIG is also working with the PCIE to develop a video teleconference on how Government employees can stay out of trouble. This video conference will be broadcast nationwide. OIG also plans a review of USDA Unemployment Compensation costs, real estate brokers and sales persons that are also USDA employees, other outside employment of USDA employees, USDA employee participation in FmHA programs, high travel voucher claims, and acceptance of gratuities and repayment of debts, including FmHA loans and student loans.

### INVESTIGATIONS

Historically, Investigations has found the areas most vulnerable to employee misconduct are: conflict of interest, misuse of official position in order to obtain unjustified benefits and, particularly in regulatory positions, the threat of bribery and extortion.

Investigations will continue to promote a continuing Departmentwide education program and an annual integrity awareness promotion or message from the Secretary. At the





regional level, we will determine when agency training sessions are scheduled and efforts will be made to ensure that OIG takes an active role providing integrity awareness training. In addition, regional management will continue to give priority to scheduling decisions on all employee misconduct allegations received from USDA agencies. If scheduled for investigation, the regions will ensure they are properly investigated and reported in a timely manner with special attention being given to the handling of these sensitive cases. Proactive work in this area will center primarily on efforts to identify instances of the bribery of USDA regulatory personnel.

## PROCUREMENT

Procurement of and contracting for goods and services to support and augment agency operations within the USDA exceeds \$2 billion annually. In 1986, an audit of yearend procurement activity disclosed serious operational deficiencies in the procurement planning process and another audit found internal control weaknesses. Procurement management is inherently vulnerable due to the repetitive need for goods and services, decentralized procurement operations and decentralized procurement authority.

Our Procurement Strategy objectives are to promote a continuing audit presence in this area. In FY 1988, OIG plans to conduct a variety of audits in this area including a review of the ASCS Kansas City Management Office (KCMO) building services contract, noncompetitive bidding for National Forest Timber, and contract for servicing and collection of Rural Housing loans. Surveys will cover other areas including contract price analysis, construction contract collusive bidding, architect/engineer contracts, multiagency grant administration and financial controls of contracts for American schools in Mexico.

## ADP SYSTEMS AND TELECOMMUNICATIONS

### AUDIT

Computer systems facilities servicing nationwide Departmental activities control processing for multi-billion dollar administrative and program operations. The security and control of these systems is necessary to properly protect the assets of the Department.

The purpose of this Audit Strategy is to evaluate and determine whether: security and controls for the Departmental Computer Centers (DCC) and the NFC were properly implemented to protect Departmental resources, management and security policies relating to telecommunications were proper, and application programs and



systems were developed according to program requirements and with adequate controls to ensure the integrity of data.

Recently completed audits of management and security of the DCCs covered physical and access control software and showed that improvements were needed in the implementation of security and controls for the DCCs and for the access control software and the data base management system. Past audits of systems under development within Department identified general problems in regard to adequate system testing prior to system implementation. Regarding telecommunications, examination of selected session details for the Departmental Network Information System database identified the possibility of duplicate billing for sessions, unauthorized use of the system, and excessive connect times with minimal activity.

In FY 1988 OIG plans to conduct the following audits in this area: monitoring FmHA's automated field management system, telecommunications management and security policies, management of direct access storage devices, security and control over the Washington Computer Center transfer to the Kansas City Computer Center, management of the Mainframe Communications Network, and security over the National Agricultural Statistics Service's Statistical Forecasting Data.

## INVESTIGATIONS

Investigations will develop training for investigators in the use of ADP investigations applications including advanced techniques in electronic spreadsheets and databases to enhance OIG's investigative capacity in the ADP area. Where data base analysis through computer techniques show trends or possible indications of fraud, further investigation will be undertaken.

## NON-FEDERAL AUTOMATED DATA PROCESSING (ADP) SYSTEMS

The FNS delivers many of its programs through non-Federal agencies and non-Federal computer systems. Several other agencies use non-Federal computer systems for time sharing, but in comparison to FNS, usage and associated risks are extremely small. FNS provides from 50% to 75% funding for these systems. The FNS regional offices are required to review and evaluate the documentation submitted by States seeking Federal development funding for their ADP systems. This documentation includes the advance planning document, feasibility study, request for proposal, contract service agreements, and other related documents.

The FNS regional offices are also responsible for all negotiations and coordination with the State and local agencies on matters involving the approval of computer systems.



Additionally, they are required to review the computer systems and provide technical assistance and guidance to the State and local agencies pertaining to support for computer systems.

Computer security is of concern to both FNS and OIG. Most States run their FSP systems on in-house or contractor equipment in a multiprocessing environment. Telecommunications, file, and physical access security are often not adequate due to unfamiliarity with sound ADP security standards and/or lack of funds.

The purpose and objectives of this Strategy are to further expand our audit coverage in this critical area, identify recurring weaknesses, and promote innovative audit approaches. For FY 1988, OIG plans to complete an audit started in FY 1987 of security over non-Federal ADP systems and vendor evaluation. We will also followup on prior non-Federal ADP audits and conduct surveys of computer security at the FNS Northeast and the Middle Atlantic regional offices.

## CONSUMER PROTECTION

### AUDIT

Activities to protect consumers' health and pocketbooks are included in the missions of at least 11 different USDA agencies. Two agencies, the Agricultural Marketing Service (AMS) and the Food Safety and Inspection Service (FSIS) have consumer protection as their primary mission. Other agencies that administer programs designed to ensure the quality or safety of agricultural products include: ARS, ASCS, Animal and Plant Health Inspection Service, Cooperative State Research Service, Federal Grain Inspection Service, the FAS, Human Nutrition Information Service, and Packers and Stockyards Administration.

The OIG Consumer Protection Audit Strategy is designed to address areas that may be vulnerable or subject to abuse, and to plan future audit efforts resulting in significant recommendations that will increase consumer protection. OIG will, in FY 1988, conduct a series of surveys some of which are a followup of imported meat processing, an evaluation of new technologies in poultry slaughter inspection, and monitoring and control of pesticide residues.

### INVESTIGATIONS

In the investigative area, OIG plans to continue to be actively involved in matters affecting the food consuming public and the producers of the nation's agricultural products. We will maintain close contact with FSIS, AMS, FGIS and APHIS officials to ensure close coordination of compliance and investigatory





activity and consult with the Office of General Counsel concerning matters of mutual interest and responsibility. Immediate priority will be given to matters involving the adulteration of or tampering with food products covered under the Federal Meat, Poultry Products or Egg Products Inspection Acts. A Statement of Determinations outlining the respective areas of investigation between OIG and APHIS will be prepared for signature by the Inspector General, the Administrator of APHIS and the Assistant Secretary for Marketing and Inspection Services.

## INSURANCE

### AUDIT

The Federal Crop Insurance Program Corporation (FCIC) protects farmers against crop losses due to insurable causes such as weather damage, insect infestation, or plant disease which result in crop failures. In recent years this program has changed: before, the majority of insurance had been written by master marketing agents under the direct supervision of FCIC personnel; today, the majority of insurance is written by private insurance companies reinsured by FCIC.

Recently, both OIG and GAO audits have noted excessive error rates in loss adjustment and in the payment of claims to reinsured producers. The audits have identified a greater potential for fraud because of the lack of FCIC oversight and because of the economic incentives for cheating both by producers and by reinsurance personnel. The private insurance agents and claims adjusters are in a position to enter into collusive agreements with farmers to allow them to receive payments for fictitious losses and thus maintain their insurance business and annual insurance premiums. These acts on the part of the reinsurance agent, adjuster, or others associated with the crop insurance program are of major concern to OIG because of the potential for systemic program abuse.

The FY 1988 OIG Annual Plan includes a multi-regional audit to evaluate the adequacy of FCIC's controls for adjusting potato claims; to verify the accuracy, completeness and reasonableness of claims; and to identify any weaknesses in the crop policies and loss adjustment procedures. We also plan to audit the accuracy of reinsured company ADP systems and to conduct surveys in the areas of FCIC Compliance Division operations, reinsurance operations, actuarial operations and controls over farm acreages, yields and units.





## INVESTIGATIONS

OIG Investigations will continue to work closely with the FCIC Compliance Division to ensure the timely referral of matters which need investigation and to make use of technical resources available through that staff. OIG will issue a Fraud Alert Bulletin outlining schemes common to both Master Marketing and Reinsurance Programs administered by FCIC which have been disclosed by OIG investigations. This information will be transmitted to the field to enable investigative efforts to be tailored to the type of fraud or abuse present. Finally, the Investigative Programs Division (IPD) will continue its close liaison work with GAO, FCIC Compliance, and its Audit Division counterparts. IPD will also continue to monitor audit findings and compliance reviews and to assist the regions in obtaining any information needed from these sources to make proper scheduling decisions.

## SPECIAL REQUESTS

The OIG prepares the Annual Plan prior to the beginning of each new fiscal year and makes revisions at least semiannually. During the course of the year, issues develop which OIG cannot anticipate during the annual planning process. These issues usually develop from Secretarial, agency, Congressional or OIG concerns regarding fraud, waste, or abuse of certain USDA programs or operations.

In order to be able to respond to those various concerns, OIG retains a block of time identified as Special Requests in its Annual Plan. This time is used to perform audits other than those specified in the Plan. The audits may be at Headquarters, State or local levels or may be nationwide in scope. For FY 1988, over 6,300 staff days are planned for Special Requests.

## AUDIT FOLLOWUP

Departmental Regulation 1720-1 requires the OIG to monitor the resolution and closure of audit reports it issues. The purpose of the process is to ensure that OIG and the auditee agency agree on actions needed to correct deficiencies, and the agency implements those actions. In order to accomplish these objectives, OIG must plan time after each report is issued to meet with auditee officials, review materials, and possibly make a subsequent review of operations. In the plan, this time is not assigned to the individual audits but rather is charged to the overall category of Audit Followup. Over 2,200 staff days have been included for Audit Followup.



## INVESTIGATIONS COMPLIANCE OVERSIGHT REVIEWS

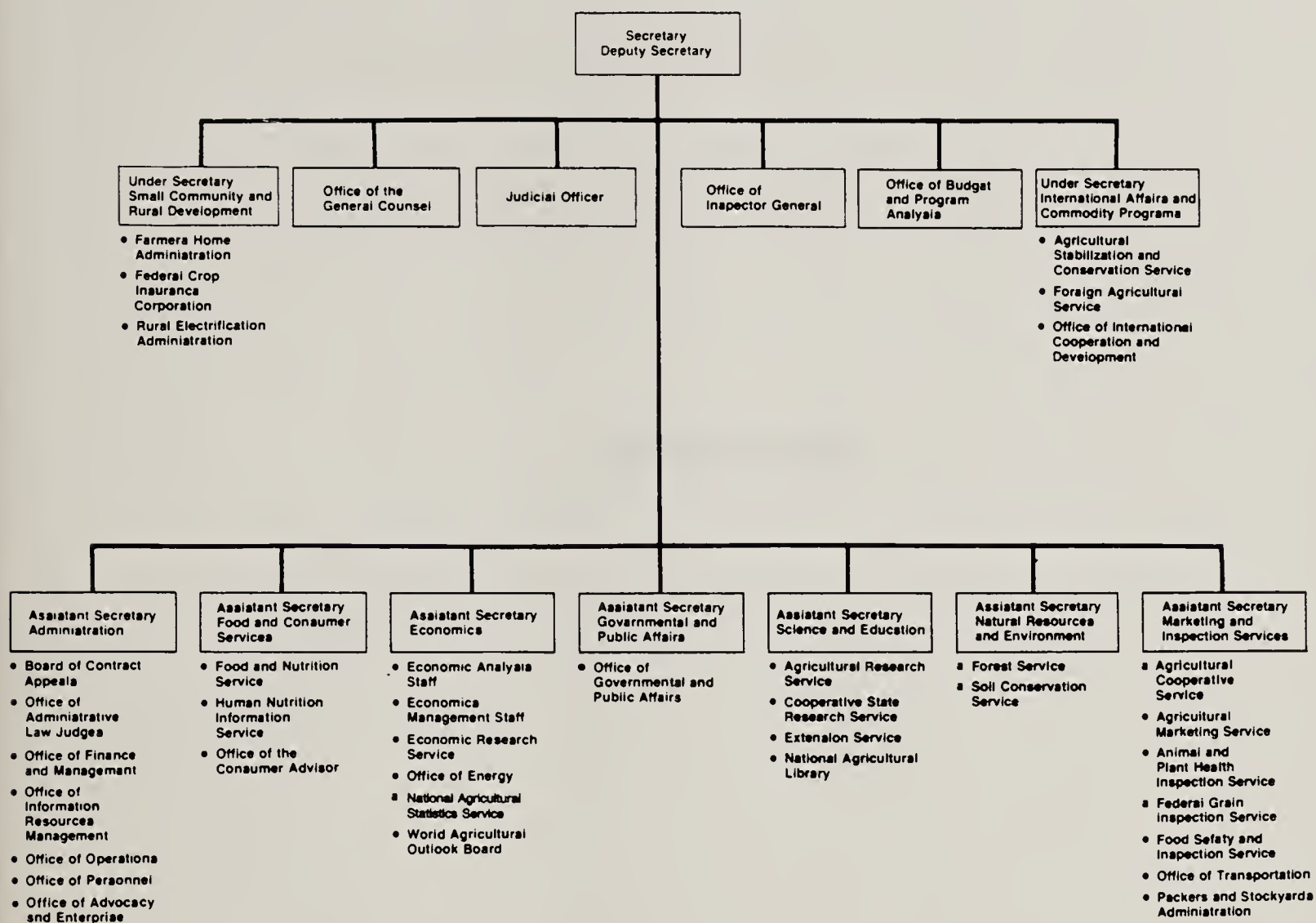
In addition to the statutory authorities granted to the Inspector General, several Departmental agencies have independent and separate authority to conduct investigations or compliance reviews. The Inspector General has the responsibility to monitor these investigations and internal reviews.

The purpose of OIG oversight reviews is to ensure that Departmental agencies are administered economically and efficiently and that their operations are consistent with applicable Federal statutes, Departmental regulations, and intradepartmental jurisdictional agreements. This is accomplished by identifying weaknesses in investigations or internal review programs and making recommendations for corrective action including recommending changes to intradepartmental jurisdictional agreements involving the OIG.

OIG has completed one compliance oversight review of the FGIS and is planning a review of the FNS Compliance Branch in FY 1988.



# USDA Organizational Chart







## INVESTIGATIONS



## INVESTIGATIONS

The investigative priorities established by the Inspector General are the timely and thorough investigation of:

1. threats to the health and safety of the public;
2. employee integrity issues involving allegations of bribery, embezzlement or theft, and collusion with program participants; and
3. fraud in the loan and benefit programs.

## INVESTIGATIVE RESULTS

During FY 1987, OIG issued 1,233 investigative reports. OIG plans to issue 1602 investigative reports in FY 1988. Investigations also had 654 indictments, 551 convictions, 8 suits filed, and 159 fines levied. The period of time to get court action on an indictment varies widely; therefore, the 551 convictions are not necessarily related to the 654 indictments. The overall conviction rate has remained at approximately 90 percent.

## INVESTIGATIVE MONETARY RESULTS

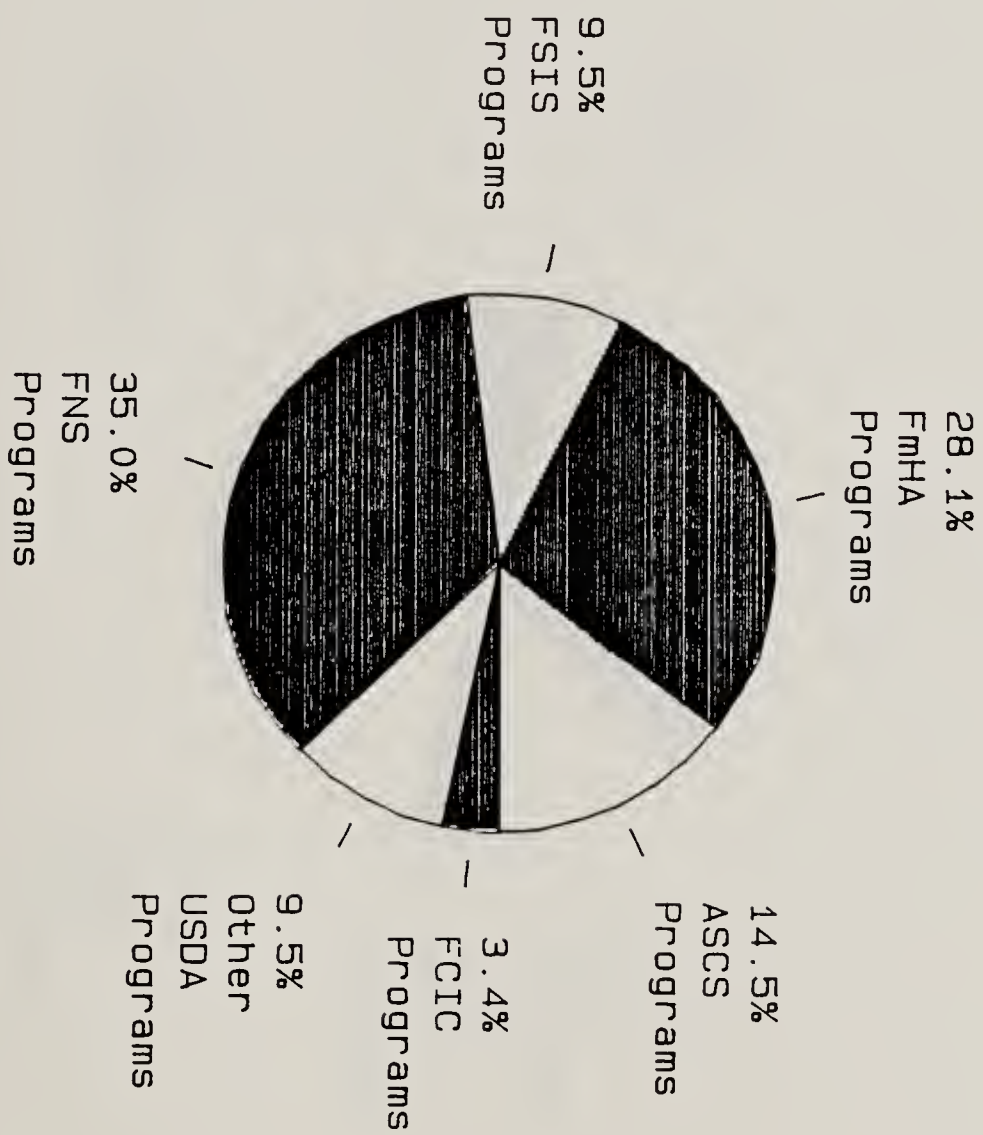
Recoveries and collections (actual).....	\$18,622,966
Cost Avoidance (payment not made based on investigative reports).....	\$11,336,400
Fines (actual).....	\$ 2,084,132
Administrative Penalties (actual).....	\$ 3,946,111
Restitution (actual).....	\$ 9,669,343
Total Investigative Monetary Results....	\$45,658,952

The charts that follow show the percentages of total staff days expended in FY 1987, the staff days investigations plans to expend in FY 1988 and a chart that details the cases issued and staff days expended by major agency during the past two FYs, 1986 and 1987, and the number of cases issued and staff days we plan to expend in FY 1988.



## OIG INVESTIGATIONS - STAFFDAYS PLANNED

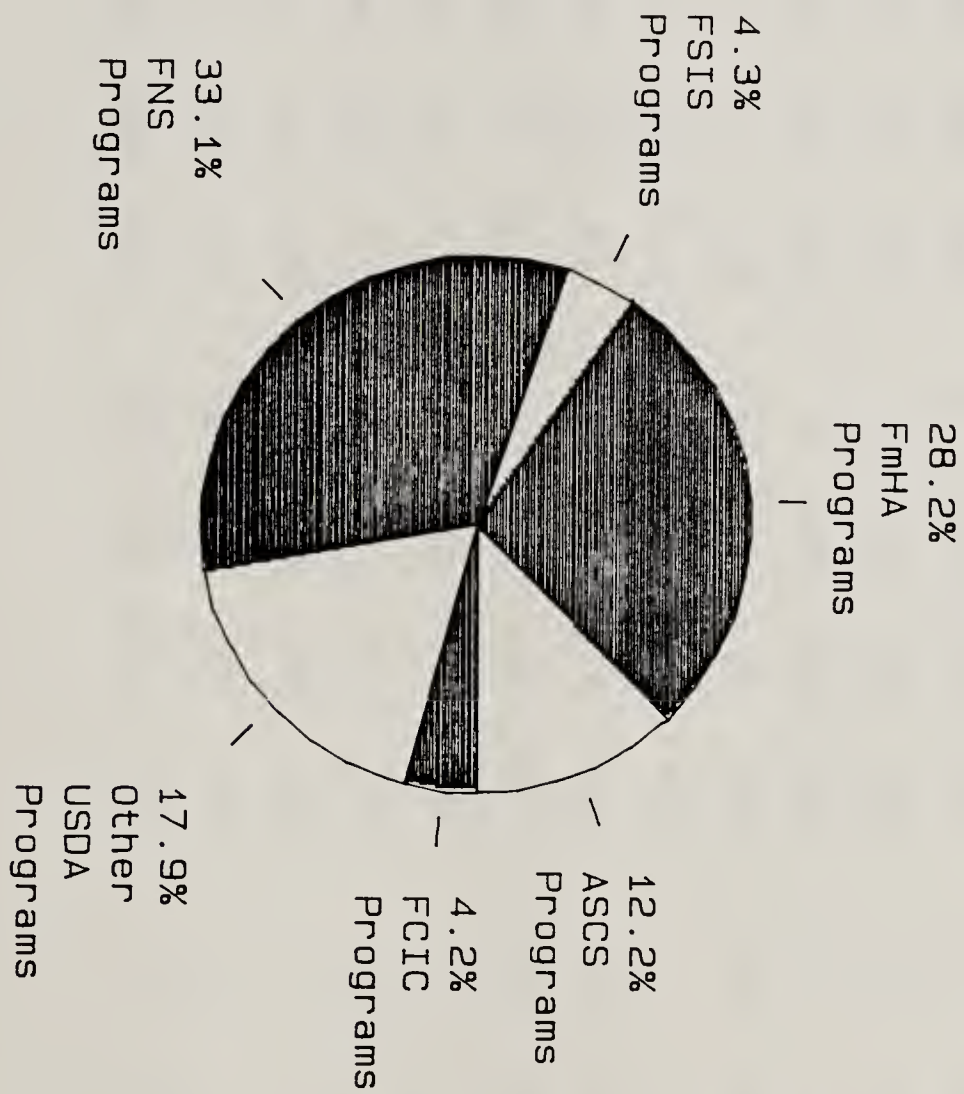
Fiscal Year 1988





## OIG INVESTIGATIONS - STAFFDAYS WORKED

Fiscal Year 1987







MAJOR AGENCY CASE TOTALS

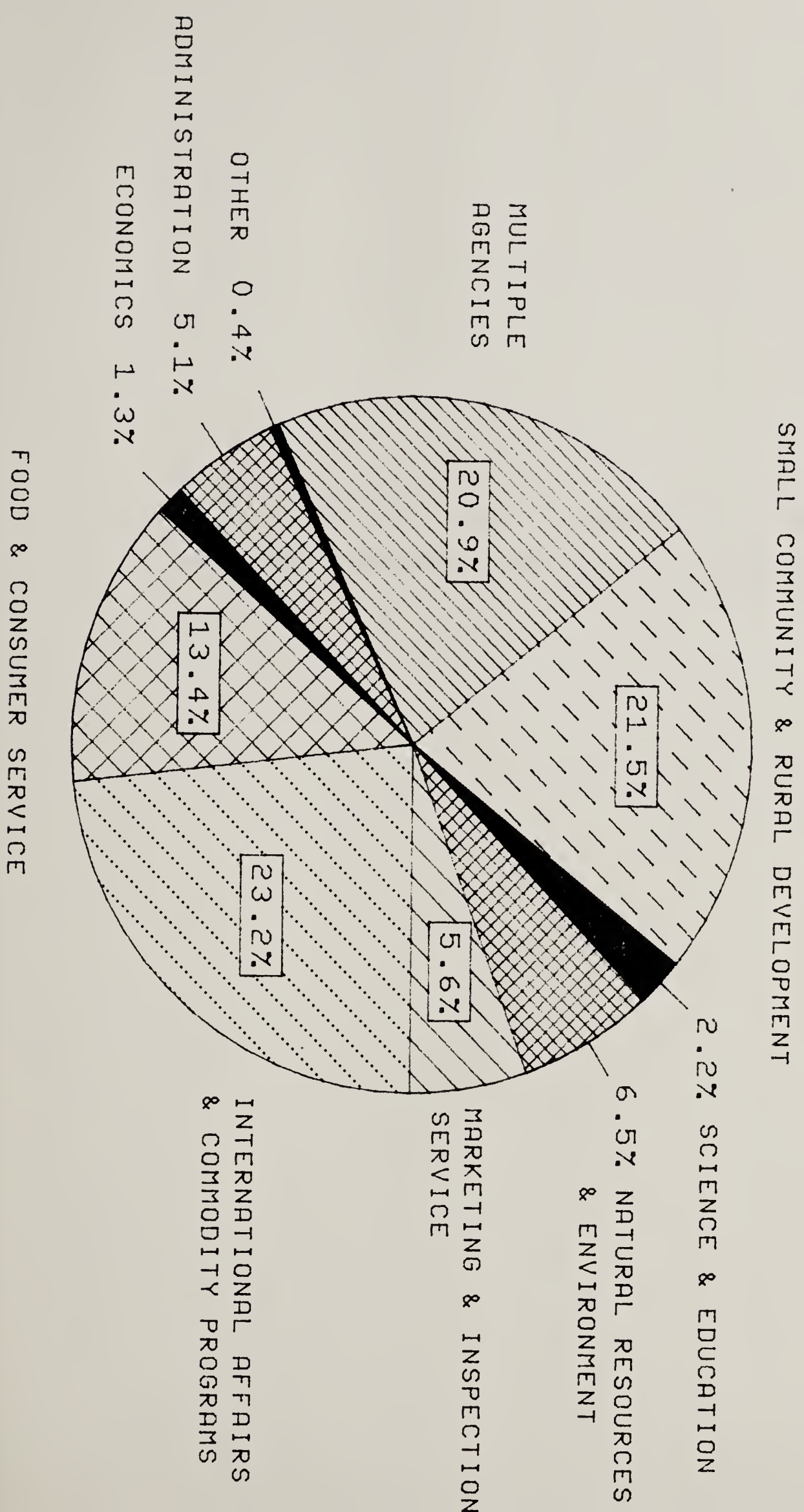
FY-86				FY-87				FY-88 PLANNED				
MAJOR AGENCIES	CASES ISSUED	ACTUAL WORKDAYS	PERCENTAGE OF		CASES ISSUED	ACTUAL WORKDAYS	PERCENTAGE OF		CASES ISSUED	PLANNED WORKDAYS	PERCENTAGE OF	
			CASES ISSUED	ACTUAL WORKDAYS			CASES ISSUED	ACTUAL WORKDAYS			CASES ISSUED	PLANNED WORKDAYS
AMS	25	1028	1.91%	2.46%	24	982	1.95%	2.64%	20	535	1.25%	1.33%
ASCS	209	5067	15.93%	12.13%	95	4562	7.70%	12.25%	193	5826	12.05%	14.46%
FHA	332	13384	25.30%	32.04%	233	10501	18.90%	28.19%	309	11319	19.29%	28.14%
FCIC	22	1337	1.68%	3.20%	36	1575	2.92%	4.23%	18	1359	1.12%	3.37%
FAS	7	495	0.53%	1.19%	4	209	0.32%	0.56%	1	180	0.06%	0.45%
FS	35	937	2.67%	2.24%	26	688	2.11%	1.85%	44	1611	2.75%	4.00%
SCS	10	154	0.76%	0.37%	8	201	0.65%	0.54%	7	151	0.44%	0.38%
FSIS	62	2010	4.73%	4.81%	59	1600	4.79%	4.29%	73	3823	4.56%	9.50%
FNS	488	11245	37.20%	26.92%	531	12346	43.07%	33.14%	786	14088	49.06%	35.02%
APHIS	22	718	1.68%	1.72%	16	482	1.30%	1.29%	15	300	0.94%	0.75%
OIG	40	2495	3.05%	5.97%	71	2693	5.76%	7.23%	52	361	3.25%	0.90%
ARS	10	154	0.76%	0.37%	7	142	0.57%	0.38%	0	0	0.00%	0.00%
ALL OTHER	50	2745	3.81%	6.57%	123	1273	9.98%	3.42%	84	675	5.24%	1.68%
NATIONAL TOTALS	1312	41769	100.00%	100.00%	1233	37255	100.00%	100.00%	1602	40228	100.00%	100.00%



AUDIT



# FY 1988 ANNUAL PLAN OIG AUDIT STAFF DAYS BY UNDER AND ASSISTANT SECRETARIES







SELECTED MAJOR AUDITS PLANNED FOR FY 1988  
BY UNDER SECRETARY AND ASSISTANT SECRETARY



## MAJOR AUDITS PLANNED FOR FY 1988

Below are brief descriptions of major audits planned for FY 1988. All audits planned for FY 1988 are listed in the Appendix.

### ASSISTANT SECRETARY FOR ADMINISTRATION

#### OFFICE OF FINANCE AND MANAGEMENT (OFM)

**PROGRAM:**

Accounting - Reporting

**TITLE:**

Central Accounting System

**OBJECTIVE AND SCOPE:**

The purpose of our reviews would be to determine the adequacy of the various agencies' fund accounting. Current reviews of FY 1986 closing procedures identified areas that require more extensive work than can be included in our present audit. We have found that agency controls over their portion of the accounting responsibility appear to be weak and thus have an adverse effect on the accuracy of financial reporting. This audit will concentrate on the areas identified including audit trails and period end estimates to ensure that proper controls are in effect in these areas. Agencies selected for review will be based on the problems noted in their yearend closing form last year.

**PROGRAM:**

Accounts Receivable

**TITLE:**

Billings Accounts Receivable and Collections

**OBJECTIVE AND SCOPE:**

The Forest Service (FS) has agreed to allow the National Finance Center to take over the responsibility for billing and collecting its accounts receivable for Timber Sales and other such activities. We will monitor the system development process at NFC to ensure that the system will adequately meet FS needs. Also, reviews will be made to determine if the system adequately accounts for funds and bills debtors properly. Reviews will be made of system controls, security, and relationships to the accounting system. Visits will be made to FS Regions to determine if they were allotted adequate user input and have the required controls in effect in their locations.



PROGRAM:  
Internal Control

TITLE:  
Internal Control and Accounting System Reviews

OBJECTIVE AND SCOPE:  
To determine if USDA agencies have adequately reviewed their administrative and accounting systems as required by the Federal Managers' Financial Integrity Act of 1982, and properly reported the results to the Secretary and the Office of Management and Budget. The audit will include 1988 fiscal year operations.

PROGRAM:  
Payments

TITLE:  
Processing Payments for Purchase Orders

OBJECTIVE AND SCOPE:  
Evaluate the adequacy of controls to ensure that payments on purchase orders made by the National Finance Center (NFC) are proper, agencies are using information from NFC to validate payments, and NFC verifies invoices against General Services Administration's contracts prior to payment.

#### OFFICE OF INFORMATION RESOURCES MANAGEMENT (OIRM)

PROGRAM:  
Administration

TITLE:  
Security and Control of Proprietary Software

OBJECTIVE AND SCOPE:  
The audit scope will include all the proprietary software installed on the IBM Mainframe at the Kansas City Computer Center. Our objective will be to determine whether proprietary software interface properly with established system access controls. We will also followup on corrective actions taken on other conditions that have been reported regarding the inability of proprietary software (JESMASTER and UCC7) to interface with access control facilities.



PROGRAM:  
ADP Management

TITLE:  
Departmental and NFC Computer Billing and Charging Systems

OBJECTIVE AND SCOPE:

To review the billing and charging systems being used by the Departmental Computer Centers and National Finance Center for adherence to Departmental regulations relating to established billing practices and equities among user agencies. The Fort Collins Computer Center, the Kansas City Computer Center, and the National Finance Center will be included in the audit.

MULTIPLE AGENCIES

PROGRAM:  
Accounting Systems of the Department

TITLE:  
Departmentwide Financial Information System

OBJECTIVE AND SCOPE:

We plan to complete our monitoring work on this system in the areas of system testing and implementation. Each of the Department's accounting systems will supply data to this system in order to produce a consolidated financial statement for USDA. Our objectives are to review the system controls and audit trails to ensure that they are adequate for ensuring that the data reported to Treasury is correct. We will also review to determine if the data supplied by the system is in accordance with Treasury requirements. Reviews will be made of data supplied by each program accounting system (FNS, FmHA, REA, ASCS, FCIC and the administrative data supplied by the Central Accounting System).





ASSISTANT SECRETARY FOR ECONOMICS

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

**PROGRAM:**

Selected Grain Commodities

**TITLE:**

Determination of Accuracy of Average Market Rates

**OBJECTIVE AND SCOPE:**

The audit objectives are to determine if the average market prices calculated by NASS, based on statistical data received from private elevators and mills, are accurate and sufficient for ASCS deficiency payment calculations; and to compare the results of NASS average market price calculations with information available from the commodities market exchange. Audit coverage will include the NASS National Office, selected State Statistical Offices, selected mills and elevators that provide average market price information to NASS; and the Chicago Commodities exchange.



## ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES

### FOOD AND NUTRITION SERVICE (FNS)

#### PROGRAM:

Financial Aspects of the Food Stamp Program (FSP), Food Distribution Program and the Supplemental Food Program for Women, Infants and Children

#### TITLE:

Financial Management Operations Middle Atlantic and Northeast FNS Regional Offices

#### OBJECTIVE AND SCOPE:

To evaluate effectiveness and efficiency of FNS controls over letters of credit and other financial aspects of various FNS administered programs.

#### PROGRAM:

Food Stamp Program

#### TITLE:

Food Stamp Issuance

#### OBJECTIVE AND SCOPE:

To evaluate State agency operations for compliance with program requirements, economy and efficiency, effectiveness of internal controls, and fraud and abuse. The State agency which has been selected has not been audited in over 5 years and the State's quality control error rate is among the highest in the nation. The audit will be helpful in developing future audit issues for nationwide impact audits.

#### PROGRAM:

Food Stamp Program

#### TITLE:

Administrative Costs in the Food Stamp Program

#### OBJECTIVE AND SCOPE:

We will review and evaluate the internal controls that FNS has over Food Stamp administrative costs, and test the effectiveness of these internal controls by analyzing a sample of claims submitted. Specifically, the objective is to ensure that costs claimed for 75 percent funding (fraud pursuit and ADP development) were eligible for enhanced funding and the certification costs were allocated to the benefitting programs.



**PROGRAM:**

Food Stamp Program

**TITLE:**

Implementation of the Income and Eligibility Verification System (IEVS)

**OBJECTIVE AND SCOPE:**

The IEVS expands the wage match process and provides State agencies with additional sources of useful information in verifying applicant and recipient reported circumstances. Audits of State wage match systems have shown that FNS did not ensure that State systems met all wage match requirements. The audit objective is to review the implementation of the IEVS at the FNS and selected State agencies to identify problems with the new system and to correct such problems early during the implementation process.

**PROGRAM:**

Temporary Emergency Food Assistance Program (TEFAP)

**TITLE:**

Survey of the Administration of the TEFAP

**OBJECTIVE AND SCOPE:**

The objectives are to evaluate accountability at sponsor and local agency levels, determine if controls exist to ensure claims are for allowable and necessary costs, commodities are properly stored and distributed to eligible recipients, and adequate controls exist at all levels to ensure program requirements are met.

**PROGRAM:**

Various FNS Programs

**TITLE:**

Computer Security at the Middle Atlantic and Northeast FNS Regional Offices

**OBJECTIVE AND SCOPE:**

To evaluate FNS's compliance with OMB Circular A-71 and USDA regulations covering ADP security.





**PROGRAM:**

Women, Infants and Children

**TITLE:**

Vendor Monitoring and Control of Food Instruments

**OBJECTIVE AND SCOPE:**

To review and evaluate the vendor monitoring systems developed and used by State agencies to identify and follow up on vendor abuses when redeeming food instruments (FI). Also, to review and evaluate the accountability of FIs from printing through issuance to prevent their misuse, controls over the authorization process for issuing FIs to prevent unauthorized issuances, and the reconciliation of redeemed FIs to issued FIs to identify and follow up on invalid redemptions.

**PROGRAM:**

Food Stamp Program

**TITLE:**

Computer Matching to Detect Fraud in the Food Stamp Program

**OBJECTIVE AND SCOPE:**

To conduct matches to identify Federal and U.S. Postal employees who have not properly reported wages and to conduct cross-State matches to identify recipients who have not reported wages earned in another State and/or are participating simultaneously in more than one State.



UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS  
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE (ASCS)

**PROGRAM:**

Commodity Certificates

**TITLE:**

Followup Review of Commodity Certificate Operations

**OBJECTIVE AND SCOPE:**

To determine the adequacy of corrective actions taken on the recommendations made in our prior audits; and to evaluate accounting and administrative internal controls in regard to identifying and resolving questionable certificate redemptions, certificate alterations, and counterfeit or fraudulent certificates. We also plan to review procedures and controls for the custody, control, and accounting for certificates by State and county offices.

**PROGRAM:**

ASCS Commodity Loan Program

**TITLE:**

Evaluation of Security and Repayment of Commodity Loans

**OBJECTIVE AND SCOPE:**

To evaluate ASCS's procedures and controls for security of loans and protection of collateral and to evaluate procedures for delivering, handling of forfeited collateral and recovery of deficiencies in terms of quantity and quality.

**PROGRAM:**

Accounting, Production Adjustment, Price Support Loans, Other  
ASCS programs

**TITLE:**

Analysis of the State and County Office Automation Project  
(SCOAP) Software Releases and Data Files

**OBJECTIVE AND SCOPE:**

To determine whether data entered into the SCOAP systems is adequate to ensure the integrity of the data processed and to determine the adequacy of the software programs and instructions used to enter the data into the SCOAP systems. The scope of the audit will cover data entered at the State and county office levels and include reviews at the Kansas City Management Office and Washington, D.C.



**PROGRAM:**

Commodity Credit Corporation Loans, Deficiency and Diversion Payments

**TITLE:**

1986 ASCS Payments to Large Farming Operations

**OBJECTIVE AND SCOPE:**

To determine the propriety of ASCS program payments to producers with large farming operations. The adequacy of internal controls to prevent improper payments to such producers will also be evaluated. Producers who have received the largest payments in 1986 will be included in the audit universe.

**PROGRAM:**

Cooperative Commodity Loan Program

**TITLE:**

Rice Loans to Cooperatives

**OBJECTIVE AND SCOPE:**

To determine whether ASCS procedures effectively provide adequate internal controls to prevent or detect producers from obtaining loans through cooperatives on ineligible farms and excess production. The five rice cooperatives in Arkansas, California, and Texas received \$275 million in rice loans during 1986. Audit coverage will include the ASCS National Office and the five cooperatives in these three States.

**PROGRAM:**

Dairy Termination Program (DTP)

**TITLE:**

Producer Compliance With DTP Contractual Requirements

**OBJECTIVE AND SCOPE:**

To determine if producers are complying with ASCS contract requirements during the nonproduction periods and to follow-up on producers identified during a previous audit.



**PROGRAM:**

Deficiency Payments

**TITLE:**

Deficiency Payments for Producers Who Lease Land

**OBJECTIVE AND SCOPE:**

To determine if, as part of the lease agreement, the producer was required to pay the landholder ASCS program payments, to determine if share leases are being identified as cash leases by ASCS and the Commodity Credit Corporation, and if all large landowners who operate in more than one county and/or State have control counties established.

**PROGRAM:**

Most ASCS Programs

**TITLE:**

Audit Survey of the Central Accounting System

**OBJECTIVE AND SCOPE:**

Since the Central Accounting System (CAS) records and accounts for checks issued for various ASCS programs, a review of existing internal controls will be made. CAS interfaces with all Kansas City Management Office payment systems and our review will identify if these systems are functioning properly. Also, we will evaluate the impact of the State and County Office Automation Project on this system.

**PROGRAM:**

Price Support, Commodity Credit Corporation Loans, Conservation Reserve Program; and Disaster Payments

**TITLE:**

ASCS Actions on Payment Limitations

**OBJECTIVE AND SCOPE:**

To determine if adequate internal and administrative controls have been prescribed to prevent a "person" from obtaining excessive program benefits, and to determine if a person or persons adopted a scheme or device designed to evade the \$50,000/\$250,000 payment limitation. States and counties with high deficiency and diversion payments and commodities loans will be selected for audit. Also, we will determine whether controls over the 1987 payment limitations have been improved since the prior audit and whether new requirements for review of payments to new entities and producers at common mailing addresses were implemented for 1986.





**PROGRAM:**

Sodbuster and Swampbuster Provisions

**TITLE:**

Compliance with Sodbuster and Swampbuster Provisions  
of the Food Security Act of 1985

**OBJECTIVE AND SCOPE:**

The objective is to determine if ASCS is properly implementing the Sodbuster/Swampbuster provisions of the Food Security Act of 1985. Work will be a part of other audits and will involve a review of program operations and compliance spot checks to determine the type and extent of problems that exist in implementing this provision. We will also evaluate the effectiveness of the internal controls provided over conservation planning and compliance.



UNDER SECRETARY FOR SMALL COMMUNITY AND RURAL DEVELOPMENT

FEDERAL CROP INSURANCE CORPORATION (FCIC)

**PROGRAM:**

Crop Insurance

**TITLE:**

FCIC - Potato Policies

**OBJECTIVE AND SCOPE:**

To evaluate the adequacy of FCIC's controls for adjusting potato claims, to verify the accuracy, completeness, and reasonableness of claims and to identify any weaknesses in the crop policies and loss adjustment procedures. The audit will cover FY 1986 claims paid for potatoes.

FARMERS HOME ADMINISTRATION (FMHA)

**PROGRAM:**

All programs

**TITLE:**

FmHA Problems - Nationwide Review

**OBJECTIVE AND SCOPE:**

To determine if FmHA officials are fully utilizing information available to manage FmHA programs in an efficient and effective manner. Exception listings, generated at the FmHA Finance Office by OIG personnel, have identified potential loan servicing problems on a nationwide basis.

**PROGRAM:**

Business and Industry Loans (B&I)

**TITLE:**

FmHA Loan Making in the Business and Industrial Loan Program

**OBJECTIVE AND SCOPE:**

The objective of this survey will be to determine the controls FmHA has over loan making in the B&I Program. Prior audits have identified major problems in this area. Also, regions will continue to conduct audits of the B&I loan liquidations which are selected for review or which are referred by FmHA in accordance with FmHA Administration Notice 1444.



**PROGRAM:**

Farmer Program Loans

**TITLE:**

Accounting for Loan Security Property

**OBJECTIVE AND SCOPE:**

We will evaluate internal controls over security property, appraise the accuracy of property records through physical verification, determine the extent to which loans are undersecured and whether major equipment items are covered by insurance, and review general and application controls in the computer based system or perform other tests and procedures to determine the reliability of our universe data.

**PROGRAM:**

Farmer Programs

**TITLE:**

Servicing Actions for Delinquent Loans

**OBJECTIVE AND SCOPE:**

To determine if FmHA's administrative controls were sufficient to ensure that servicing actions were taken in accordance with applicable regulations. A recent court decision requires FmHA to re-notify delinquent borrowers of their options because prior notifications were not clear and understandable.

**PROGRAM:**

Farmer Programs

**TITLE:**

Evaluation of Guaranteed Farmer Program (FP) Loan Program

**OBJECTIVE AND SCOPE:**

The audit objectives are to determine whether FmHA has met, or will meet, its guaranteed loan allocations mandated by Congress for FYs 1986, 1987, and 1988; evaluate FmHA and lender internal controls over guaranteed loan processing and servicing; determine whether FmHA is operating its guaranteed FP loan programs in accordance with OMB and GAO standards; and evaluate the adequacy and accuracy of FmHA guaranteed loan financial records and reports. Audit coverage includes the FmHA National and Finance Offices, selected State offices, and a random sample of 40 lenders. FP guaranteed loans made during FYs 1986 and 1987 will be audited.





**PROGRAM:**

Rural Rental Housing (FFH) Program

**TITLE:**

Security of and Accounting for Reserves and Operating Funds RRH

**OBJECTIVE AND SCOPE:**

To determine if borrowers comply with FmHA regulations and the terms of their loan agreements. We will also evaluate the internal controls and monitoring of RRH projects in more than one State. It is necessary for FmHA to ensure that mortgaged property is properly maintained.

**PROGRAM:**

Various

**TITLE:**

Cash and Debt Management Activities

**OBJECTIVE AND SCOPE:**

To review and evaluate program and administrative operations and associated internal controls over the cash management including loan collections, the Miscellaneous Payment System, and Confirmations of Loan Repayment; writeoffs of borrower liabilities; Interest Credit Recapture Provisions; management of acquired property; and aspects of the Dairy Termination Program.

**MULTIPLE AGENCIES****PROGRAM:**

Guaranteed Loans

**TITLE:**

President's Council on Integrity and Efficiency (PCIE) Project - Guaranteed Loans

**OBJECTIVE AND SCOPE:**

The PCIE designated USDA as the lead agency for this multi-agency review of Government guaranteed loans. The review objectives are to: determine whether agencies have met or will meet the administration's credit goals as they relate to guaranteed loans and to assess the impact of the Nine Point Credit Management Program; determine whether agencies are operating their guaranteed loans programs in accordance with the Office of Management and Budget (OMB) and General Accounting Office standards for each of the Nine Points; evaluate the adequacy and accuracy of agency records and reports to OMB and the Treasury Department; and identify barriers to the full implementation of each of the Nine Points.



FEDERAL CROP INSURANCE CORPORATION (FCIC)**PROGRAM:**

Actual Production History

**TITLE:**

Control Over Farm Acreages, Yields and Units

**OBJECTIVE AND SCOPE:**

The objectives of our review are to appraise the effectiveness of FCIC policies and procedures relating to the Actual Production History Program. We will also determine if there are appropriate internal controls in place to assure propriety of acreage and production data used to support yields.

RURAL ELECTRIFICATION ADMINISTRATION (REA)**PROGRAM:**

All

**TITLE:**

Oversight Reviews of CPA Audits Reports

**OBJECTIVE AND SCOPE:**

The objectives of these reviews are to evaluate the quality of audits performed by non-Federal auditors under contract to REA, to identify deficient audit work and follow up to ensure corrective action and, as warranted, refer CPA firms having serious deficiencies to the American Institute of Certified Public Accountant's Professional Ethics Division and State Licensing bodies for appropriate action.



## ASSISTANT SECRETARY FOR MARKETING AND INSPECTION SERVICES

### AGRICULTURAL MARKETING SERVICE (AMS)

**PROGRAM:**

Dairy Promotion Program

**TITLE:**

AMS Dairy Promotion Program Funds

**OBJECTIVE AND SCOPE:**

Review and evaluate the administration of the Dairy Promotion Program funds, determine if the responsible programs are transmitting all assessments (funds) received to the National Dairy Board and Qualified Programs (QP), funds are properly accounted for, QPs are using funds for advertising and promotional activities only, and that funds are used for "Brand or Trade Name" advertising during the audit period May 1985 through May 1987.

### FEDERAL GRAIN INSPECTION SERVICE (FGIS)

**PROGRAM:**

Federal Grain Inspection

**TITLE:**

Foreign Complaints on U.S. Grain Exports

**OBJECTIVE AND SCOPE:**

To analyze FY 1986 and 1987 data to determine if communication among responsible officials is sufficient to ensure timely processing, investigation, and response to grain quality and weight discrepancy inquiries; applicable regulations and instructions are being followed; and if all quality and weight discrepancy inquiries are accurately reported in the FGIS Annual Report to Congress.



SAFETY AND INSPECTION SERVICES (FSIS)**PROGRAM:**

Meat and Poultry Inspection Program

**TITLE:**

Monitoring and Control of Pesticide Residues

**OBJECTIVE AND SCOPE:**

To evaluate policies and procedures for the detection and prevention of harmful pesticide residues in meat and poultry products, to analyze selection of pesticides for testing, propriety of action levels, effectiveness of the contamination response system, adequacy of laboratory procedures and the effectiveness of the verified production control program of voluntary testing and compliance by producers. Survey performed FY 1987.

**PROGRAM:**

Meat and Poultry Inspection Program

**TITLE:**

Evaluation of New Technologies in Poultry Slaughter Inspection

**OBJECTIVE AND SCOPE:**

To evaluate the effectiveness of new poultry slaughter inspection techniques adopted by FSIS by conducting plant reviews in about 25 plants to determine whether procedures are followed and whether programs provide sound information for decision-making and acceptable product quality.

**PROGRAM:**

Meat and Poultry Inspection

**TITLE:**

Follow-up Audit of the FSIS Imported Meat Process

**OBJECTIVE AND SCOPE:**

Based on the results of the audit performed in 1986 and early 1987, major improvements were recommended in the imported meat inspection process. A follow-up audit is necessary to determine if corrective actions have been taken.





ASSISTANT SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

FOREST SERVICE (FS)

**PROGRAM:**

Multiple Programs

**TITLE:**

Automated Purchase Orders System, Internal Controls

**OBJECTIVE AND SCOPE:**

To review the automated purchase order system to determine if internal controls are adequate to prevent and/or detect potential misuse of purchase orders, whether the internal controls are standard service-wide and if the internal controls are being adhered to. The scope will be a review of the FS Western Office and regional office which developed the system and selected field sites to determine adequacy and adherence to prescribed controls.

**PROGRAM:**

National Forest System

**TITLE:**

National Forest Operations Evaluation

**OBJECTIVE AND SCOPE:**

To determine whether National Forest operations are carried out in an efficient and effective manner. We will audit two National Forests in each of Regions 5 and 6.

**PROGRAM:**

Timber Management

**TITLE:**

Analysis of Knutson-Vandenberg (K-V) Fund Balances

**OBJECTIVE AND SCOPE:**

Determine if FS corrective action was sufficient to eliminate excessive K-V fund balances. FS returned \$81 million as a result of our prior nationwide audit (Audit No. 08630-1-At), released March 31, 1987. The scope of the audit will be an analysis of K-V fund balances for a sample of regions and National Forests and the FY 1987 K-V fund status report for each selected National Forest.



**PROGRAM:**

Timber Management

**TITLE:**

Collection of Damages on Defaulted Timber Sale Contracts

**OBJECTIVE AND SCOPE:**

The audit objective will be two-fold. The first objective will be to determine whether FS Regional Offices and the Washington Office have established controls to manage collection of damages assessed against companies that defaulted on their contracts to buy FS timber. The second objective will be to determine where claims are bottlenecking in the collection process. We will review FS Regions 1, 5, and 6.

**PROGRAM:**

Timber Management

**TITLE:**

Noncompetitive Bidding for National Forest Timber

**OBJECTIVE AND SCOPE:**

To evaluate the degree and dollar impact of noncompetitive bidding on timber sales (particularly small business set aside sales) because of oral auction procedures. We will use the audit results to encourage the Chief of the FS to use more sealed bidding. We will evaluate timber sales for FY 1984-1986 in FS Regions 1, 2, 3, 4, 5, 6, and 10. This follow up audit is needed because the Chief of the FS has not adequately implemented our prior audit recommendations regarding sealed bidding.

**PROGRAM:**

Timber Management

**TITLE:**

Cost Effectiveness of the FS Nurseries

**OBJECTIVE AND SCOPE:**

To determine whether the FS has implemented the necessary internal controls to assure efficient and effective nursery operations; evaluate the financial operations (including the financial statements, unit cost per seedling, and capacity utilization) of several selected FS nurseries to determine whether the nurseries should be closed due to inefficiencies, and whether the nurseries can contract out more of the seedling production and other nursery functions; and to determine whether the nurseries' financial statements are prepared in accordance with generally accepted accounting principles.



SOIL CONSERVATION SERVICE**PROGRAM:**

Conversation Operations

**TITLE:**

Implementation of the Field Office Communication and Automated System (FOCAS)

**OBJECTIVE AND SCOPE:**

To continue our monitoring of the implementation of FOCAS; to analyze propriety and cost of the numerous application programs in development, staff development, data integrity, and security; to assess property management and contract compliance; and to review automation priorities with respect to requirements under the new Conservation Reserve program.





ASSISTANT SECRETARY FOR SCIENCE AND EDUCATION

AGRICULTURAL RESEARCH SERVICE (ARS)

**PROGRAM:**

Procurement

**TITLE:**

Architect/Engineer Contracts

**OBJECTIVE AND SCOPE:**

To determine if designs meet USDA requirements and needs, payments are made in accordance with work performed, and if the architect and engineer firms selected have experience in the type of project being constructed.

**PROGRAM:**

Research, Administrative Costs

**TITLE:**

Financial Management and Control in ARS

**OBJECTIVE AND SCOPE:**

The survey objective is to determine the adequacy of internal controls over financial management activities. The survey would be performed at Headquarters and large research facilities where there are significant investments in property and equipment, or which have significant operating budgets.

COOPERATIVE STATE RESEARCH SERVICE

**PROGRAM:**

Facilities Funding - 1890 Land Grant Institutions

**TITLE:**

Research Facilities Program

**OBJECTIVE AND SCOPE:**

To determine whether the Research Facilities Program enhanced the Land Grant Institutions' (LGI) research capabilities, the LGIs and the Cooperative State Research Service followed proper procedures in the submission and approval of grant proposals, and funds have been accounted for and properly obligated or expended.



## APPENDIX



## GUIDE TO ACRONYMS

ADP	Automated Data Processing
AID	Agency for International Development
AICPA	American Institute of Certified Public Accountants
AIG	Assistant Inspector General
AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
ASCS	Agricultural Stabilization and Conservation Service
B&I	Business and Industry
CAS	Central Accounting System
DCC	Departmental Computer Center
DTP	Dairy Termination Program
FCIC	Federal Crop Insurance Corporation
FGIS	Federal Grain Inspection Service
FI	Food Instruments
FOCAS	Field Office Communication and Automated Systems
FmHA	Farmers Home Administration
FNS	Food and Nutrition Service
FP	Farmer Programs
FS	Forest Service
FSIS	Food Safety Inspection Service
FSP	Food Stamp Program
GAO	General Accounting Office
GAAP	Generally accepted accounting principles
HNIS	Human Nutrition Information Service
IPD	Investigative Programs Division
IEVS	Income and Eligibility Verification System
KCMO	Kansas City Management Office
MAFNSRO	Middle Atlantic Food and Nutrition Service Regional Office
NASS	National Agricultural Statistical Service
NEFNSRO	Northeast Food and Nutrition Service Regional Office
NFC	National Finance Office
OFM	Office of Finance and Management
OIG	Office of Inspector General
PCIE	President's Council on Integrity and Efficiency
P&SA	Packers and Stockyard Administration
REA	Rural Electrification Administration
RRHP	Rural Rental Housing Program
SCOAP	State and County Office Automation Project
SFP	Supplemental Food Program
TEFAP	Temporary emergency Food Assistance Program
USDA	United States Department of Agriculture
WIC	Women, Infants and Children



## AUDITS PLANNED FOR FY 1988 BY USDA AGENCY

AGENCY(S)	TITLE	REGION	OTHER REGIONS	STAFF DAYS
AMS	Meat Grading and Certification Branch (MGC) Operations	MWR	N7A	150
AMS	AMS - Dairy Promotion Program Funds	NER	N7A	500
AMS	End User Designation for Imported Tobacco	SER	N7A	200
AMS	Tobacco Grading and Inspection Fees	SER	N7A	150
AMS	Federal Inspection Under EPIA	SER	N7A	125

AGENCY(S)	TOTAL STAFF DAYS			1125
APHIS	Financial Controls of Contracts for Am. Schools in Mexico	NER	N7A	150
APHIS	APHIS PPQ Survey	NER	N7A	150
APHIS	Medfly Eradication Project in Tampucula, Mexico and Guatemala	NER	N7A	150
APHIS	Eradication and Control of Foot and Mouth Disease-Mex./Panama	NER	N7A	150

AGENCY(S)	TOTAL STAFF DAYS			600
ARS	Financial Management and Control in ARS	GPR	NER	100
ARS	Implementation of Endangered Species Act	GPR	N7A	50
ARS	Architect/Engineer Contracts	NER	MWR	200
ARS	Review of Yearend Expenditures	SER	N7A	200

AGENCY(S)	TOTAL STAFF DAYS			550
ASCS	Analysis of Data Entered into SCOAP Systems	FMS	MWR, SER, SWR, GPR, WR	300
ASCS	Budget and Appropriated Fund Accounting System	FMS	N7A	50
ASCS	ASCS KCMO Building Services Contract	FMS	N7A	50
ASCS	Followup Review of Commodity Certificate Operations	FMS	MWR	200
ASCS	Commodity Credit Corporation Traffic Contract Operations	FMS	N7A	100
ASCS	Cotton Information Network	FMS	N7A	100
ASCS	Inventory Protection and First Handler Payments	FMS	N7A	50
ASCS	County Office Administrative Expense System	FMS	N7A	100
ASCS	Commodity Credit Corporation Financial Statements	FMS	N7A	300
ASCS	Storage and Handling Payments to Grain Warehouses	FMS	N7A	200
ASCS	Commodity Credit Corporation Grain Barter/Exchange Program	FMS	N7A	200
ASCS	Management of Commodity Credit Corporation Inventory	FMS	N7A	300
ASCS	Cost of Red Meat Sales to Brazil	FMS	NER	200
ASCS	Audit Survey of the Check Accounting System	FMS	WR	300
ASCS	ASCS Concentration Banking	FMS	N7A	20
ASCS FmRA	TFM Form 220 Schedule 9 Review	FMS	N7A	100
ASCS	Monitoring of SCOAP Loans Phase 2	FMS	N7A	100
ASCS	Cotton Loan Redemptions	FMS	N7A	150





## AUDITS PLANNED FOR FY 1988 BY USDA AGENCY

AGENCY(S)	TITLE	REGION	OTHER REGIONS	STAFF DAYS
ASCS	Monitor Development of State/County Office Automation Project	FMS	N7A	200
ASCS	Grain Inventory Management System Post Implementation Review	FMS	N7A	200
ASCS	Monitor Development of Processed Commodity Inventory System	FMS	N7A	200
ASCS	Conservation Reserve Program Compliance	GPR	N7A	150
ASCS FmHA FCIC	Reserve For Audits Based on Survey	GPR	N7A	800
ASCS	Program Compliance Systems Follow-up	GPR	N7A	100
ASCS	County Office Review Program (CORP)	GPR	N7A	100
ASCS	County Office Operations	GPR	N7A	450
ASCS	Sugar Price Support Program	GPR	N7A	75
ASCS	Crop Acreage Bases and Yields	GPR	N7A	100
ASCS SCS FmHA	Compliance with Sodbuster/Swampbuster Provisions	GPR	SWR	100
ASCS, FNS AMS	Evaluation of Commodity Procurement Practices	MWR	N7A	200
ASCS	State and County Office Reviews	MWR	N7A	200
ASCS	Evaluation of Security and Repayment of Commodity Loans.	MWR	GPR, SWR	350
ASCS	Producer Compliance With DTP Contractual Requirements	MWR	NER, SER, GPR, WR, SWR, FMS	1,450
ASCS FmHA FSIS	Integrity of USDA Employees	MWR	N7A	100
ASCS FAS FGIS	Foreign Compliers on U.S. Grain Exports	NER	N7A	175
ASCS	Implementation of the Food for Progress Act of 1985	NER	N7A	100
ASCS	New York Agricultural Stabilization and Conservation Service	NER	N7A	300
ASCS	Virginia Agricultural Stabilization and Conservation Service	NER	N7A	300
ASCS	Evaluation of Ocean Freight Paid by CCC	NER	N7A	100
ASCS	GFA Peanut Association, Camilla, Georgia	SER	N7A	150
ASCS	Peanut Marketing Program	SER	N7A	200
ASCS	Price Support Rates for Tobacco	SER	N7A	50
ASCS	Domestic Tobacco Testing Program	SER	N7A	10
ASCS	Implementation of the 1985 Tobacco Improvement Act	SER	N7A	100
ASCS	Rice Loans to Cooperatives	SWR	WR	625
ASCS	Payment Limitation Cases in SWR	SWR	N7A	400
ASCS	Followup on Controls Over Relief Provisions	SWR	As needed	100
ASCS	1986 ASCS Payments to Large Farming Operations	SWR	SER, MWR, SWR, GPR, WR & FMS	2,900
ASCS	Implementation of Disaster Relief	SWR	N7A	100
ASCS	ASCS Actions on Payment Limitations	SWR	SER, MWR, SWR, GPR, WR, FMS	1,500
ASCS	ASCS County Office Data Base	SWR	N7A	100
ASCS	Storage Rates Charged to CCC	WR	N7A	30
ASCS	Deficiency Payments for Producers Who Lease Land	WR	MWR, GPR, SER, WR	400



## AUDITS PLANNED FOR FY 1988 BY USDA AGENCY

AGENCY(S)	TITLE	REGION	OTHER REGIONS	STAFF DAYS
AGENCY(S)			TOTAL STAFF DAYS	15235
CSRS	Cooperative State Research Programs - 1890 LGIs	SER	N7A	300
CSRS	Research Facilities Program	SER	N7A	500
AGENCY(S)			TOTAL STAFF DAYS	800
ES	Extension Service - 1890 LGIs	SER	N7A	200
AGENCY(S)			TOTAL STAFF DAYS	200
FAS	USDA Foreign Debt Management	NER	N7A	150
FAS	Export Enhancement Programss	NER	N7A	250
FAS	Market Development Survey	NER	N7A	200
FAS	FAS Export Credit Programs	NER	N7A	100
FAS	Audit of Third Party Participant Contributions	NER	N7A	150
AGENCY(S)			TOTAL STAFF DAYS	850
FCIC	Financial Accounting Interfaces Between FCIC and CHIAA	FMS	N7A	100
FCIC	Accuracy of Reinsured Company ADP System	FMS	N7A	100
FCIC	Control Over Farm Acreages, Yields and Units	GPR	N7A	175
FCIC	Actuarial Operations	GPR	N7A	150
FCIC	FCIC Reinsurance Program	SER	N7A	30
FCIC	Compliance Division Operations	SWR	N7A	100
FCIC	Reinsurance Operations - 1988 Crop Year	SWR	N7A	150
FCIC	FCIC-Potato Policies	WR	MWR,SER,NER	500
AGENCY(S)			TOTAL STAFF DAYS	1305
FGIS	Federal Grain Inspection Process and Procedures	NER	N7A	25
FGIS	FGIS Financial Management System	NER	N7A	150
AGENCY(S)			TOTAL STAFF DAYS	175
FmHA	Monitoring FMHA's Strategic Financial System Improvements	FMS	N7A	300
FmHA	Monitoring FMHA's Note Sales Projects	FMS	N7A	250
FmHA	Survey - FMHA Problems - Nationwide Review	FMS	NER, SER, MWR, SWR, GPR, WR	625
FmHA	Monitoring FMHA's Automated Field Management System	FMS	N7A	200
FmHA	Concentration Banking System (CBRAMS) - Post Implementation	FMS	N7A	150
FmHA	FMHA Automated Deposit Fund	FMS	N7A	250
FmHA	Survey - Automated Multi-Family Housing Accounting System	FMS	N7A	200
FmHA ASCS	Establishment of Interest Rates	GPR	N7A	75





## AUDITS PLANNED FOR FY 1988 BY USDA AGENCY

AGENCY(S)	TITLE	REGION	OTHER REGIONS	STAFF DAYS
FmRA ASCS	Coordination of Farmer Program Borrower's Activities	GPR	N7A	125
FmRA	Sales of Farm Inventory Property	GPR	N7A	100
FmRA	Debt Settlement	GPR	N7A	150
FmRA	FmRA Program Controls	GPR	N7A	200
FmRA	FmRA State and County Operations	MAR	N7A	350
FmRA	Cash and Debt Management Activities	MAR	NER, SER, SWR, GPR, WR, FMS	1,775
FmRA	Implementation of the IRS tax refund offset	MAR	N7A	50
FmRA	Audit of Controls Over Rental Assistance & Interest Credit	MAR	N7A	200
FmRA	Security of and Accounting for Reserves & Operating Funds RRA	MAR	NER, SER, SWR, WR, MAR	1,350
FmRA	FmRA Community Facility Loans and Operations	NER	N7A	100
FmRA	Pennsylvania State FmRA Office	NER	N7A	300
FmRA	Farmers Home Administration Management	NER	N7A	100
FmRA	Audit of Maryland FmRA State Office and Counties	NER	N7A	100
FmRA	Review of FmRA Rural Development Loans	NER	N7A	100
FmRA	Great Atlantic Mortgage Corporation (GAMC)	NER	N7A	40
FmRA	Survey of West Virginia FmRA Operations	NER	N7A	100
FmRA	Writedown of Debt to Equal Current Value of Assets	SER	N7A	100
FmRA	Accounting for Loan Security Property	SER	NER, MAR, SWR, GPR, WR	375
FmRA	Servicing Actions for Delinquent Loans	SER	NER, MAR, SWR, WR	700
FmRA MULTI	Required Use of Commercial Credit Reports	SER	N7A	50
FmRA ASCS	Monitoring USDA Disaster/Emergency Programs	SER	N7A	200
FmRA	Evaluation of FmRA's Imple. of Interest Rate Reduction Prog.	SER	N7A	60
FmRA	FmRA - Dwelling Retention	SER	N7A	75
FmRA	Special Grants for Financially Stressed Farmers	SER	N7A	50
FmRA	Program Management and Servicing Goals	SER	N7A	200
FmRA	FmRA Settlement of Claims	SER	N7A	45
FmRA	Contract for Servicing and Collection of RR Loans, SC	SER	N7A	200
FmRA	Salary Offset for Delinquent Federal Employee Borrowers	SER	N7A	125
FmRA	Manufactured Housing	SER	N7A	150
FmRA	Insurance and Taxes on RR Properties	SER	N7A	50
FmRA	Propriety of B & I and Finance Corp. Loans and Grants	SWR	N7A	100
FmRA	FmRA Business and Industry Loans in the SWR	SWR	N7A	100
FmRA	Evaluation of Guaranteed Farmer Program Loans	SWR	MAR, GPR, SER, FMS	1,035
FmRA	Housing Voucher Program	SWR	N7A	100
FmRA	FmRA Loan Making in the B&I Loan Program-Roll Up.	WR	NER, MAR, SWR, SER, GPR	1,800





## AUDITS PLANNED FOR FY 1988 BY USDA AGENCY

AGENCY(S)		TITLE	REGION	OTHER REGIONS	STAFF DAYS
FmHA		FmHA's Procedures for Handling Chapter 12 Bankruptcies	WR	N7A	200
FmHA		FmHA Guaranteed Loans Made Through Banks Who Have Failed	WR	N7A	100
FmHA		Housing Preservation Grant Program	WR	N7A	50
AGENCY(S)				TOTAL STAFF DAYS	13355
FNS		Regional Office Controls of Food Stamp Program	GPR	N7A	200
FNS	FSIS AMS	Evaluation of Child Nutrition Labeling Program	MAR	N7A	155
FNS		Retailer Tracking System Monitoring and Followup	MAR	N7A	75
FNS		Security Over Non-Federal ADP Systems Follow-up	MAR	N7A	200
FNS		Regional Coordinated Audit of the FSP	MAR	N7A	600
FNS		Computer Matching to Detect Fraud in the FSP	MAR	N7A	300
FNS		Audit of Cash Payments Made in Lieu of Donated Foods	MAR	N7A	100
FNS		Summer Food Service Program for selected sites in MAR	MAR	N7A	100
FNS		Administration of the TEFAP by FNS/SA.	MAR	SER, NER, WR	1,050
FNS		WIC Eligibility, Income Verification, and Certification	MAR	N7A	100
FNS		Vendor Monitoring and Control of Food Instruments	MAR	NER, SER, SWR, GPR, MAR	400
FNS		Nutrition Assistance Program (NAP)	NER	N7A	100
FNS		Financial Management Operations MAFNSRO Program	NER	N7A	200
FNS		Financial Management Operations at NEFNSRO	NER	N7A	200
FNS		Puerto Rico Agricultural Credit Corporation	NER	N7A	150
FNS		FNS Field Office Activities	NER	N7A	150
FNS		Food Stamp Program Operation in State of NY(outside of NYC)	NER	N7A	200
FNS		Food Stamp Program Virgin Islands	NER	N7A	150
FNS		Maryland Food Stamp Employment Program	NER	N7A	50
FNS		New York City School Lunch Program	NER	N7A	300
FNS		Summer Feeding Program - Buffalo Parks	NER	N7A	150
FNS		Computer Security at the NEFNSRO	NER	N7A	50
FNS		Computer Security at the MAFNSRO	NER	N7A	50
FNS		Women, Infants, and Children (WIC) Virgin Island	NER	N7A	150
FNS		DBA of ADP Files to Detect Abuse and Inefficiencies	SER	N7A	20
FNS		Casefile Documentation	SER	N7A	50
FNS		Sales Tax on Food Stamp Purchases	SER	N7A	100
FNS		FNS - Food Stamp Issuances	SER	WR	250
FNS		Court Collections of Food Stamp Fraud Claims	SER	N7A	100
FNS		Casefile Documentation - Florida	SER	N7A	50
FNS		Monitoring Non-Federal ADP Systems	SER	N7A	300



AUDITS PLANNED FOR FY 1988 BY USDA AGENCY

<u>AGENCY(S)</u>	<u>TITLE</u>	<u>REGION</u>	<u>OTHER REGIONS</u>	<u>STAFF DAYS</u>
FNS	Management of FNS Field Offices	SER	N/A	25
FNS	Child Nutrition Programs	SER	N/A	300
FNS	Propriety of FSP Regulation Waivers Issued to State Agencies.	SWR	N/A	100
FNS	Implementation of the Income and Eligibility	SWR	NER, SER, MWR, WR	200
FNS INS	Illegal Alien Participation in the Food Stamp Program	SWR	N/A	25
FNS	Reconciliation of the Direct Coupon Mailing System	SWR	N/A	150
FNS	Establishment of Claims Against Food Stamp Households	SWR	N/A	200
FNS	Review of State Agency Food Stamp Computer Files	SWR	N/A	190
FNS	Claims for School Lunch and Commodities at Selected Locations	SWR	N/A	200
FNS	WIC	SWR	N/A	100
FNS	State Administrative Expenses for Child Nutrition	WR	N/A	100
FNS	Administrative Costs in the Food Stamp Program	WR	NER, SER, MWR, SWR	1,000
FNS	Food Stamp Program Efficiency Survey	WR	N/A	50
FNS	Monitoring State FSP System Development	WR	N/A	200
FNS	Food Service Management Companies in FNS Programs	WR	N/A	300
FNS	State Administrative Cost Claims for the WIC Program	WR	N/A	100
<u>AGENCY(S)</u>			<u>TOTAL STAFF DAYS</u>	<u>9290</u>
FS	Automated Time and Attendance System, Internal Controls	FMS	N/A	150
FS	National Systems Application Programs - Standards for Testing	FMS	N/A	150
FS	Automated Purchase Orders System, Internal Controls	FMS	N/A	150
FS	Automated Imprest Fund System, Internal Controls	FMS	N/A	150
FS	Telecommunications - Management and Security Policies	FMS	N/A	150
FS	Forest Service Management of Black Hills NF	GPR	N/A	200
FS	Propriety of Accounting Adjustments Between CAS/PAMARS Accts.	SER	WR	130
FS	Monitoring of Deficit Unobligated Balances	SER	N/A	175
FS	Yearend Procurement Followup Survey	SER	N/A	75
FS	Analysis of Knutson-Vandenberg (K-V) Fund Balances	SER	WR, GPR	450
FS	FS Controls Over Timber Harvests Theft	SER	N/A	75
FS	Internal Controls Over Forest Service Firewood Permit Revenue	SWR	WR	100
FS FSIS APHIS	Indirect Cost Negotiation Agreements	WR	N/A	100
FS	Cost Efficiency of FS ADP Systems	WR	N/A	30
FS	Property Management and Accountability	WR	N/A	30
FS	Fire-Related FS Procurement	WR	N/A	100
FS	Review of USDA Unemployment Compensation Costs	WR	N/A	100
FS	National Forest Operations Evaluation	WR	N/A	250





## AUDITS PLANNED FOR FY 1988 BY USDA AGENCY

AGENCY(S)	TITLE	REGION	OTHER REGIONS	STAFF DAYS
FS	Special Use Permit Administration	WR	N7A	100
FS	Collection of Damages on Defaulted Timber Sale Contracts	WR	GPR,	300
FS	Noncompetitive Bidding for National Forest Timber	WR	GPR	250
FS	Cost Effectiveness of the FS Nurseries	WR	SER	500
FS	Evaluation of Minimum Rates Charged for Timber	WR	N7A	100
FS	Administration of Third Party Scaling Organizations (TPSO)	WR	N7A	150
FS	Log Export	WR	N7A	100
FS	Timber Appraisal Costs	WR	N7A	125

AGENCY(S)	TOTAL STAFF DAYS			4190
FSIS	Quarantine Controls over Contaminated Herds	NER	N7A	150
FSIS	Follow-up Audit of the FSIS Imported Meat process	NER	N7A	625
FSIS	Monitoring and Control of Pesticide Residues	SER	WR, GPR	500
FSIS	Data Management and ADP Controls	SER	N7A	200
FSIS	FSIS - Inplant Inspection and the IPPS Review System	SER	N7A	150
FSIS	Eval. of New Technologies in Poultry Slaughter Inspection	SER	N7A	225
FSIS	FSIS's Strengthened Residue Control Program	SER	N7A	125

AGENCY(S)	TOTAL STAFF DAYS			1975
MULTI	Departmentwide Financial Information System (DFIS)	FMS	NER	250
MULTI	Audit Assist/Special Requests	FMS	N7A	760
MULTI	Data Basis Analysis	Fms	N7A	940
MULTI	Audit Follow-up Activities	FMS	N7A	350
MULTI	Bank Cards - Small Purchases	FMS	N7A	75
MULTI	Telenet Billings and Usage	FMS	N7A	100
MULTI	Thrift Savings Plan - Payroll/Personnel System Data	FMS	N7A	200
MULTI	CPA-Contract Audit Monitoring	GPR	N7A	200
MULTI	Cognizant Audit Resp.-OMB Circular A-128, A-110, A-102, A-87.	GPR	N7A	200
MULTI	Audit Followup	GPR	N7A	250
MULTI	Special Requests	GPR	N7A	1,042
MULTI	General Administration of A-128 AND A-110.	MAIR	N7A	350
MULTI	Administration of CPA contracted audits	MAIR	N7A	100
MULTI	Special Request	MAIR	N7A	645
MULTI	Audit Followup	MAIR	N7A	300
MULTI	Audit Followup	NER	N7A	250
MULTI	Special Requests	NER	N7A	1,355



## AUDITS PLANNED FOR FY 1988 BY USDA AGENCY

AGENCY(S)	TITLE	REGION	OTHER REGIONS	STAFF DAYS
MULTI	Department Wide Review of Methods of Handling Imprest Funds	NER	N/A	100
MULTI	Contract Audits	NER	N/A	100
MULTI	Contract Audits	NER	N/A	100
MULTI	Audit Followup	NER	N/A	250
MULTI	Special Requests	NER	N/A	402
MULTI	Single Audit	NER	N/A	200
MULTI	Single Audit	NER	N/A	300
MULTI ARS FS	PCIE Proposal - Patents and Licensing Federally Sponsored	NER	N/A	150
MULTI	Implementation of the Federal Motor Vehicle Control Act	NER	N/A	150
MULTI	PCIE Project - Guaranteed Loans	SER	N/A	800
MULTI	Writeoffs of Uncollectible Claims	SER	N/A	100
MULTI	Implementation of Research and Promotion Acts	SER	N/A	100
MULTI	CPA Contract Audits - Monitoring	SER	N/A	150
MULTI	Special Requests	SER	N/A	1,000
MULTI	Audit Followup	SER	N/A	239
MULTI	Administration of Single Audit Responsibilities	SER	N/A	250
MULTI	CPA Contract Audits - Monitoring	SWR	N/A	100
MULTI	Administration of Cognizant Audit Responsibilities	SWR	N/A	100
MULTI	Special Request Audits	SWR	N/A	600
MULTI	Audit Followup	SWR	N/A	280
MULTI	DIG System 367A/T&T/Symphony/Sharp Operations	SWR	N/A	60
MULTI	Audit Followup	WR	N/A	537
MULTI	Contract Audit Monitoring	WR	N/A	50
MULTI	Administration of Single Audit Responsibilities	WR	N/A	400
MULTI	Special Request Time	WR	N/A	560

AGENCY(S)	TOTAL STAFF DAYS	14475
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NASS	Determination of Accuracy of Average Market Rates	SWR	NER, SER, MWR, GPR, WR	900
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AGENCY(S)	TOTAL STAFF DAYS	900
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OFM MULTI	Central Accounting System	FMS	SER, MWR	250
OFM FS	Billings Accounts Receivable and Collections (BARC)	FMS	WR	250
OFM	Use of Private Contractors to Service and Collect Debts	FMS	N/A	100
OFM	Internal Control and Accounting System Reviews	FMS	NER	150
OFM	Collection Action on Administrative Billings	FMS	N/A	200
OFM	Central Accounting System (CAS)- Accuracy of Year-End Reports	FMS	N/A	50





## AUDITS PLANNED FOR FY 1988 BY USDA AGENCY

<u>AGENCY(S)</u>	<u>TITLE</u>	<u>REGION</u>	<u>OTHER REGIONS</u>	<u>STAFF DAYS</u>
OFM	Redesign of the Travel System	FMS	N7A	300
OFM    NFC	PCIE Prompt Payment Project	FMS	N7A	40
OFM	Multi-Agency Grant Administration	MAR	N7A	125
OFM	Deobligations of Funds	NER	N7A	200
OFM	Heritage Travel's Scheduling of Official Travel	NER	FMS	60
OFM	Processing Payments for Purchase Orders	NER	FMS	150

<u>AGENCY(S)</u>	TOTAL STAFF DAYS	1875
OIG	ADP Technical Support	FMS    N7A    300

<u>AGENCY(S)</u>	TOTAL STAFF DAYS	300
OIRM	Performance, Security, and Integrity of Operating Systems	FMS    N7A    150
OIRM	Security and Control of Proprietary Software	FMS    N7A    200
OIRM	Security And Control Of The WCC Transfer To KCCC	FMS    N7A    150
OIRM	Management Of Sensitive Data By USDA User Agencies	FMS    N7A    100
OIRM	Management Of The Mainframe Communications Network	FMS    N7A    250
OIRM	Security Over NASS Statistical Forecasting Data	FMS    N7A    50
OIRM	Management of Direct Access Storage Devices (DASD)	FMS    N7A    150
OIRM    NFC	Departmental and NFC Computer Billing and Charging Systems	FMS    N7A    400
OIRM	ADP Application Controls	FMS    N7A    200

<u>AGENCY(S)</u>	TOTAL STAFF DAYS	1650
REA    FMRA	Oversight Reviews of CPA Audit Reports	MAR    NER, SER, SWR, WR, GPR    250

<u>AGENCY(S)</u>	TOTAL STAFF DAYS	250
SCS	Implementation of FOCAS	SER    MAR, WR    300

<u>AGENCY(S)</u>	TOTAL STAFF DAYS	300
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GRAND SUMMARY    69400



## THE OIG HOTLINE

The Inspector General Act of 1978 requires the Inspector General to conduct and supervise audits and investigations relating to programs and operations of the Department of Agriculture. The Act specifically addresses employee complaints in that it states:

"The Inspector General may receive and investigate complaints or information from an employee of the establishment concerning the possible existence of an activity constituting a violation of law, rules, or regulations, or mismanagement, gross waste of funds, abuse of authority or a substantial and specific danger to the public health and safety."

Such employees are given special protection:

"The Inspector General shall not, after receipt of a complaint or information from an employee, disclose the identity of the employee without the consent of the employee, unless the Inspector General determines such disclosure is unavoidable during the course of the investigation" and

"Any employee who has authority to take, direct others to take, recommend or approve any personnel action, shall not, with respect to such authority, take or threaten to take any action against any employee as a reprisal for making a complaint or disclosing information to an Inspector General, unless the complaint was made or the information disclosed with the knowledge that it was false or with willful disregard for its truth or falsity."

The OIG has established two hotline numbers for the use of the public and Department employees. These numbers are:

800-424-9121 - This is a toll free number to be used outside Washington, D.C.

472-1388 - This number is to be used inside the Washington, D. C. metropolitan area.

In addition, the Food Safety Inspection Service has established a FSIS Hotline number for questions or problems with meat or poultry products. These numbers are 800-535-4555 (toll free) outside Washington, D.C. and 447-3333 within the Washington, D.C. metropolitan area.





